DEPARTMENT OF THE NAVY APPROPRIATIONS FOR 1953

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES

EIGHTY-SECOND CONGRESS

SECOND SESSION

SUBCOMMITTEE ON DEPARTMENT OF THE NAVY APPROPRIATIONS

HARRY R. SHEPPARD, California, *Chairman*

ANTONIO M. FERNANDEZ, New Mexico RICHARD B. WIGGLESWORTH, Massachusetts

PAUL M. WILSON, *Executive Secretary to Subcommittee*

PART 2

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DEPARTMENT OF THE NAVY APPROPRIATIONS FOR 1953

TUESDAY, MARCH 11, 1952.

MEDICAL CARE, NAVY

WITNESSES

REAR ADM. HERBERT L. PUGH, MEDICAL CORPS, UNITED STATES NAVY, CHIEF, BUREAU OF MEDICINE AND SURGERY
CAPT. MURPHY K. CURETON, MEDICAL CORPS, UNITED STATES NAVY, COMPTROLLER
THOMAS J. HICKEY, DEPUTY COMPTROLLER
CAPT. CHARLES W. SHILLING, MEDICAL CORPS, UNITED STATES NAVY, CHIEF OF RESEARCH DIVISION
REAR ADM. EDWARD W. CLEXTON, UNITED STATES NAVY, ASSISTANT COMPTROLLER, DIRECTOR OF BUDGET AND REPORTS
REAR ADM. EDWARD A. SOLOMONS, UNITED STATES NAVY, DEPUTY COMPTROLLER

Amounts available for obligation

	1951 actual	1952 estimate	1953 estimate
Appropriation or estimate	$127,138,000	$135,770,000	$116,500,000
Transferred from "Emergency fund, Department of Defense," pursuant to 5 U. S. C. 271	1,283,661		
Adjusted appropriation or estimate	128,421,661	135,770,000	116,500,000
Reimbursements from other accounts	20,826,437	22,110,000	22,195,000
Total available for obligation	149,248,098	157,880,000	138,695,000
Unobligated balance, estimated savings (available for administrative reappropriation in subsequent year)	−29,175		
Obligations incurred	149,218,923	157,880,000	138,695,000
Comparative transfer to "Service-wide supply and finance"	−2,867,792	−3,520,646	
Comparative transfer from—			
"Service-wide operations, Navy"	102,765		
"Ships and facilities, Navy"	28,083		
"Military personnel, Navy"	15,000		
Total obligations	146,496,979	154,359,354	138,695,000

Obligations by activities

Description	1951 actual	1952 estimate	1953 estimate
Direct Obligations			
1. Maintenance and operation of medical treatment facilities	$40,436,366	$51,815,354	$60,662,000
2. Education and training	3,055,174	4,520,000	4,644,000
3. Medical services, supplies and equipment at other facilities	10,190,379	7,652,000	17,917,000
4. Nonrecurring procurement of medical supplies and equipment	61,805,810	54,191,000	19,866,000
5. Medical supply system	759,342	1,167,000	1,277,000
6. Medical care in nonnaval facilities	2,207,476	3,762,000	3,948,000
7. Care of the dead	1,011,077	2,516,000	1,268,000
8. Research and development	3,148,263	4,386,000	4,428,000
9. Industrial mobilization and procurement planning	1,196,683	89,000	89,000
10. Departmental administration	1,924,972	2,234,000	2,401,000
Total direct obligations	125,735,542	132,332,354	116,500,000

Obligations by activities—Continued

Description	1951 actual	1952 estimate	1953 estimate
Obligations Payable Out of Reimbursements From Other Accounts			
1. Maintenance and operation of medical treatment facilities	$18,498,479	$20,128,000	$19,751,000
5. Medical supply system	1,935,000	1,433,000	2,000,000
6. Medical care in nonnaval facilities	321,279	466,000	444,000
10. Departmental administration	6,679		
Total reimbursable obligations payable out of reimbursements from other accounts	20,761,437	22,027,000	22,195,000
Total obligations	146,496,979	154,359,354	138,695,000

Obligations by objects

Object classification	1951 actual	1952 estimate	1953 estimate
Summary of Personal Services			
Total number of permanent positions	10,181	11,348	11,799
Full time equivalent of all other positions	12	16	16
Average number of all employees	8,593	10,996	11,439
Average salaries and grades:			
General schedule grades:			
Average salary	$3,150	$3,594	$3,594
Average grade	GS–4.0	GS–4.3	GS–4.3
Crafts, protective, and custodial grades:			
Average salary	$2,921	$3,382	$3,382
Average grade	CPC–5.2	CPC–5.4	CPC–5.4
Ungraded positions: Average salary	$2,548	$2,693	$2,693
Personal service obligations:			
Permanent positions	$23,587,458	$32,898,930	$34,226,700
Part-time and temporary positions	93,111	128,270	128,600
Other personal services	240,978	390,300	437,000
Regular pay in excess of 52-week base		126,500	131,600
Payment above basic rates	965,209	686,000	734,100
Total personal service obligations	24,886,756	34,230,000	35,658,000
Direct Obligations			
01 Personal services	21,975,924	32,150,000	33,605,000
02 Travel	374,661	997,000	742,000
03 Transportation of things	126,007	381,000	195,000
04 Communication services	171,150	176,000	219,000
05 Rents and utility services	1,224,302	1,356,000	1,523,000
06 Printing and reproduction	322,283	413,000	525,000
07 Other contractual services	12,510,483	12,175,000	15,385,000
Services performed by other agencies	4,280,501	5,366,000	5,055,000
08 Supplies and materials	54,101,294	45,808,000	41,116,000
09 Equipment	31,151,696	33,865,000	18,511,000
15 Taxes and assessments	40,006	174,354	175,000
Subtotal direct obligations	126,278,307	132,861,354	117,051,000
Deduct charges for subsistence	542,765	529,000	551,000
Total direct obligations	125,735,542	132,332,354	116,500,000
Obligations Payable Out of Reimbursements From Other Accounts			
01 Personal services	2,910,832	2,080,000	2,053,000
02 Travel	10,294	12,000	8,000
03 Transportation of things	3,167	4,000	3,000
04 Communication services	21,378	26,000	16,000
05 Rents and utility services	177,373	209,000	133,000
06 Printing and reproduction	27,267	24,000	15,000
07 Other contractual services	1,412,445	1,752,000	1,265,000
08 Supplies and materials	15,523,050	17,291,000	18,075,000
09 Equipment	670,878	619,000	616,000
15 Taxes and assessments	4,753	10,000	11,000
Total obligations payable out of reimbursements from other accounts	20,761,437	22,027,000	22,195,000
Total obligations	146,496,979	154,359,354	138,695,000

Mr. SHEPPARD. The next item the committee will have under consideration is that of Medical Care. We have with us this afternoon Admiral Pugh with his associates.

This is, I believe, your second appearance before the committee. I presume that you have a general statement you wish to present?

Admiral PUGH. I have, sir.

Mr. SHEPPARD. You may proceed with your general statement, Admiral Pugh, and we will not interrupt you until you have completed it, and then we will discuss such aspects of your general statement as pertain to policy or procedure and then pick up the details of your operations as they are represented in your justifications under your specific budget requirements.

Admiral PUGH. Thank you.

GENERAL STATEMENT

Mr. Chairman and members of the committee, the Medical Department of the Navy is requesting $116,500,000 under the appropriation "Medical care, Navy" for fiscal year 1953. This represents a decrease of $19,270,000 from appropriation requirements for fiscal year 1952, which totaled $135,770,000. This decrease is attributable to reductions in the amounts requested for nonrecurring procurement.

This appropriation provides funds for the maintenance and operation of hospitals, medical centers, naval dispensaries, and dental clinics. In addition, there are funds for medical research facilities and medical department schools; medical and dental care at non-naval activities; technical medical and dental supplies, equipment and services on all ships and at dispensaries not under the management control of the Bureau of Medicine and Surgery; and for care of the dead. Further, provision is made for industrial mobilization, medical and dental costs in connection with Reserve components and the expenses of departmental administration.

HOSPITAL PROGRAM

One of the largest items moneywise in the appropriation "Medical Care, Navy" is for care of patients in naval hospitals. During fiscal year 1953 it is proposed to operate twenty-six naval hospitals within the continental limits of the United States. Also, provision is made for the operation of four extracontinental naval hospitals, and the retention of two naval hospitals at Aiea, T. H., and Trinidad, B. W. I., in a partial maintenance status. It is estimated that the average census of patients in naval hospitals will number 22,500 during fiscal year 1953.

HEALTH OF THE NAVY

Beginning with the latter months of 1950, the Medical Department of the Navy was faced with a situation similar to that encountered in 1942 when it was faced with the task of readjustment incident to rebuilding and mobilization. With the advent of armed conflict in Korea, medical facilities, personnel, and equipment had to be expanded

to render proper and adequate care to a rapidly increasing Navy. After 8 months of unprecedented good health conditions in 1950, the trend was interrupted with the beginning of the Korean campaign. In fact, beginning with September 1950, the favorable trend was reversed, with the over-all incidence rates climbing steadily, reaching a high of 610 per 1,000 in February 1951. Thereafter, the rates decreased to such an extent that in November 1951, the rates were 353 per 1,000, about 10 percent lower than the same month of the previous year.

While medical statistical data for calendar year 1951 are not yet complete, provisional data are available for comparative purposes. The morbidity incidence based on the average of the 11 monthly rates was about 430 per 1,000 as compared to 350 per 1,000 for the calendar year 1950. Thus, the estimated incidence rate for 1951 has been almost 25 percent higher than that for the previous year. This increase, however, was not confined to any specific diagnostic category but was rather a general one throughout the communicable and noncommunicable conditions as well as accidents and violence. With regard to accidents and violence it is of interest that, while battle casualties decreased in 1951, nonbattle injuries increased. The sharp contrast with respect to frostbite cases in 1950 and 1951 should also be mentioned. Although nearly 3,000 cases of frostbite were reported in Korea in 1950 among Navy and Marine Corps personnel, the number reported during 1951 was negligible. This is a reflection of the success of the measures which were instituted to prevent frostbite casualties.

The acute upper respiratory conditions are of especial interest due to the unusually high rates during 1951. During February the peak rate in the incidence of acute upper respiratory ailments of 261 per 1,000 was reached. Not only does this rate treble the corresponding rate for February 1950, but is also the highest incidence rate recorded for any month during the past 4 years. This, of course, is related to the rapid mobilization which coincided with the customary upward, seasonal trend in respiratory conditions.

The health experience of the Navy in 1951 was more favorable than in 1942, a period in which conditions were most comparable to the present situation. The incidence rate for 1951, including casualty data, was lower than that of 1942 with casualties excluded. All other factors such as: Average sick list and hospital census, noneffective rate, rate of invalidings and of deaths were below the 1942 levels. Preventive measures reached a much higher degree of efficiency during the first year of the present conflict than in 1942, thereby keeping a higher proportion of the troops in an adequate state of combat readiness.

During 1951 the incidence of venereal disease increased from 38 cases to 49 cases per 1,000 men per year. It is believed that this increase was due to the mobilization and the attendant movement of large numbers of personnel to overseas areas where the incidence of venereal disease is high. However, the venereal disease incidence rate among Navy and Marine Corps personnel in the continental United States reached an all-time low.

MEDICAL AND DENTAL RESEARCH

The amount requested for direct research in 1953 is $3,500,000, which is an increase of $52,000 over funds provided in fiscal year 1952.

Problems arising in connection with the Korean war such as frostbite, the need for plasma replacement and the treatment of burns have received extensive review both in the laboratory and in the field.

Techniques using items such as ACTH and cortisone were used in both frostbite and burn therapy in an attempt to improve the treatment of these two combat injuries. In the burn cases the ACTH and cortisone therapy gave indications of being beneficial.

In the field of plasma replacement both physiological evaluation as well as clinical trials were carried out with substances such as dextran, polyvinylpyrrolidone, gelatine and oxypolygelatin. Evidence gathered to date indicates that all of these substances have merit as plasma replacements. However, standardization and the formulation of specifications for these materials must be achieved before further progress can be made in this program. The Navy has been assigned responsibility for study in the use of oxypolygelatin.

Unique achievements have been made in acceleration research in the field of aviation where new devices to protect man against hazards of rapidly changing G-stresses are being constantly improved; better G-suits have been developed to prevent blackout of pilots; the supine seat has been proved medically feasible. Ejection seats (for ejecting the pilot from an aircraft in the event of emergency) have been built and are being constantly improved.

Research in submarine medicine continued to give special attention to the physiological problems caused by the extended submersion of submarines equipped with the snorkel device. Ventilation in submarines was improved by elimination of excess carbon dioxide and providing more adequate supplies of oxygen. There was some progress made in selecting men for submarine duty. A steady advance was made in solving the visual problems involved in detecting and identifying submerged objects.

In addition, there are the following instances where significant progress has been made toward achieving major program goals:

(*a*) Studies have shown that ionizing radiation (as from the atomic bomb) causes changes in the composition of some body fluids. These studies are developing into what appear to be important tools for the determination of the lethality of radiation doses received. This should be of great assistance in the screening of persons for treatment in the event of an atomic bomb attack.

(*b*) A detection method has been developed which shows considerable promise toward the solving of the problem of rapid field detection in the instance of an attack with biological agents of warfare.

(*c*) Studies on the functioning of the inner ear indicate new theories which are considered of great importance when applied to aircraft instrument flying under conditions of darkness and bad weather.

(*d*) A much better understanding of the effects of high altitude and high speed flying upon the circulatory system of man has been gained. This is important not only from the standpoint of immediate safety in the flying of aircraft, but indicates possibilities of residual effects on kidney function as well as the circulatory and breathing systems of personnel. Any of us who have flown would be most reluctant to in anywise discourage any endeavor in the interest of greater safety in the use of aircraft.

(*e*) Field studies involving the application of scientific developments within the Navy have measured the chewing ability of recruits where

a number of teeth were missing. These studies have shown that a saving can be accomplished in man-hours involved in the construction of artificial dentures when a great many of them are not necessary for the adequate chewing of food.

(*f*) A vacuum spark discharge apparatus developed by the Navy has shown several basic phenomena of the effects of ultraviolet light on biological substances. As a result advancements are now under way for the production of vaccines heretofore found very difficult. This program may lend an important contribution to the sterilization of blood and blood plasma for transfusion purposes.

(*g*) Experiments have demonstrated that excessive exercise after irradiation, significantly increases the mortality rate, whereas less strenuous exercise up to a certain point will not significantly increase these rates. This is considered to be extremely important inasmuch as it points out the need for indicating to commanding officers safe limitations on exercise within which irradiated troops should be kept in the event of atomic bomb detonation.

(*h*) Experiments have demonstrated that the present yellow color used on air-sea rescue equipment (such as life rafts) for detection of personnel adrift at sea may be inadequate. Experiments have now indicated colors far more readily visible under certain conditions. However, final sea trials, under actual operating conditions, are now under way with a view to verifying the conclusions drawn from the laboratory experiments.

(*i*) At one of the Navy's laboratories, and incidentally the only laboratory within the Armed Services directly involved in the design and fabrication of body armor, completely new suits of lightweight body armor, for use of infantrymen, were designed. These suits were extensively tested by a joint-service team under actual combat conditions at the front in Korea. Resultant to this Navy development, the Marine Corps has been able to provide a standard body armor jacket for most effective protection of its troops in Korea. Such a jacket is now a standard organizational item with the Marine Corps. Similarly, a suit of body armor for jet fighter pilots has been completed and other late models of body armor are now available for test on air crewmen.

(*j*) A new laboratory method for the identification of intestinal disease-producing organisms has been developed to provide rapid identification.

(*k*) A real contribution has been made toward the treatment of disease by showing that terramycin is particularly effective in the treatment of typhus fever and is beneficial in the treatment of undulant fever. Similarly, also terramycin has been shown to be highly effective in the treatment of amebic dysentery.

(*l*) The Navy's program of orthopedic prosthetic research to provide better functioning devices for amputees has made a great contribution to personnel rehabilitation. Resultant are a large number of unique prostheses which have high cosmetic acceptability in addition to functional capabilities heretofore nonexistent. It would seem superfluous to mention before this committee that the Navy's work in this field has been monumental.

(*m*) The Navy has continued to lead in its research toward the effective use of bone, blood vessel, and skin banks, for the preservation of these tissues against the urgent need for use in surgical repair.

(*n*) Radioactive gallium has been shown to be of use in the early diagnosis of bone tumors. It may prove of therapeutic use as well.

In the interest of improving economy and efficiency in operations a program of detailed round-table presentations by key representatives from each of the Medical Department laboratories is held at periodic intervals. By this means a much closer evaluation of the physical and personnel facilities is maintained which results in a far greater economy through interchange of key scientists and scientific material. At the same time a much closer liaison is maintained and unnecessary duplication in scientific work is avoided.

Our research program has been dwelt upon at some length because of an awareness of and complete agreement with the axiom that medical progress will be commensurate with the degree of its interest and activity in the sphere of research. Much of the progress that has been made and will continue to be made in the development of more modern and more effective instruments of war or instruments essential to our national defense will continue as has been the case in the past, to depend, in a real sense, upon how far and how fast medical research may make such development possible. The armed services, and particularly the Navy, are interested in certain special phases of research because the Navy, certainly, operates in peace as well as in war all over the globe and its medical personnel must be able to cope with disease and health conditions with which the civilian medical profession may have no motivation for concerning itself. Therefore, it is peculiarly incumbent upon us to carry on research in certain special fields. I moreover consider it distinctly worthy of being pointed out that civilian populations the world over have been and will continue to be the beneficiaries of military medical research, not only in such fields as aviation and submarine medicine but throughout the sphere of medical interest in general.

While an avoidance of undue duplication of research effort is recognized as being desirable, it is not considered either feasible or desirable to avoid it altogether. On the contrary, a measure of duplication is regarded as distinctly advantageous. Since the entire research program of the armed services is closely screened by such agencies as the Research and Development Board of the individual service and that of the Department of Defense and, when desired, by the National Research Council, the possibility of unwarranted research or unreasonable duplication of effort is considered to be reduced to a minimum. That the medical research programs of the several branches of the armed services should be directed and administered by duly designated representatives of the respective medical service, is strongly contended by the services.

Finally, as a justification second to none upon this score, it is submitted that an opportunity to engage in medical research is an essential condition upon which many of our finest medical department personnel enter the armed service of their choice. They want to "play major league ball" in a major league. Denied the opportunity and right to engage in research and to conduct its own research program, it is believed that the quality of any of the medical departments of the armed services would soon decline, that the interests of its medical officers would stagnate and fade, and that its stature as a medical organization would retrogress to that of a minor constituent.

Because of the interest which this committee showed in our medical research program last year, the director of our research division, Captain Shilling, is present at this hearing. In addition, we have brought a few exhibits of naval medical research during the past year which we would like to show the committee later on, if the chairman believes there is sufficient time.

MILITARY PERSONNEL OF THE MEDICAL DEPARTMENT

The table below shows the military strength of the medical department by corps from the wartime peak to December 31, 1951, and the estimated appropriated strength for the fiscal year 1953:

Corps	Maximum wartime strength	On board, June 30, 1951	On board, Dec. 31, 1951	Estimated appropriated strength, fiscal year 1953
Medical Corps	14,380	4,282	4,239	4,706
Dental Corps	7,026	1,662	1,724	2,158
Medical Service Corps	[1] 3,341	[1] 1,095	[1] 1,216	[1] 1,377
Nurse Corps	11,086	3,256	3,340	3,643
Enlisted Hospital Corps	137,460	[2] 31,081	[2] 32,699	[2] 34,038
Total	173,293	41,356	43,218	45,922

[1] Includes warrant officers of the Hospital Corps.
[2] Does not include non-Hospital Corps ratings in Hospital Corps schools.

MEDICAL CORPS

The procurement of a sufficient number of Reserve medical officers to compensate for the known and anticipated rate of attrition during fiscal years 1952 and 1953 is a problem that has assumed major proportions. It has been ascertained that under the existing policy, prescribed by Public Law 779, Eighty-first Congress, governing the release of reservists, an estimated 2,302 Reserve medical officers will become eligible for release during the period January 1, 1952, through June 30, 1953. It is anticipated that the greatest attrition during this period will occur between June and November 1952, during which period approximately 1,238 Reserve medical officers will be released from active duty.

Unfortunately, the rate of attrition incident to the release program has not been compensated for by voluntary requests for active duty, and action to initiate the involuntary recall of Reserve medical officers has been taken.

DENTAL CORPS

Following the start of Korean hostilities and passage of the selective-service amendment pertaining to medical and dental personnel, all Reserve dental officers were classified in the appropriate priority as prescribed by law. As a result thereof, future action with respect to Reserves will consequently be greatly facilitated. As was stated above in discussions of the Medical Corps, the rate of attrition incident to the release of Reserves, who have completed their required service, has been sufficiently greater than the supply of replacements, so that it became necessary to initiate a call for additional dental officers through the Selective Service System. Such a call was placed for a

total of 200 dental officers for March and April, and it is anticipated that an additional call will be necessary for May and June requirements.

MEDICAL SERVICE CORPS

The Medical Service Corps and the Hospital Corps continue to play a very valuable part in the performance of the mission of the Medical Department. In order to meet the personnel requirements for newly commissioned fleet and shore activities and the expansion of established fleet and shore activities, the following appointments have been made in the Medical Service Corps and the Hospital Corps since July 1, 1950:

One hundred and thirty-one Reserve officers have been recalled to duty in the Medical Service Corps during the past 18 months. In addition, 128 qualified officers were appointed in the Regular Navy, and 174 appointments have been made for temporary service from enlisted and warrant members of the Hospital Corps on active duty. Notwithstanding this increase, there still exists a deficiency of 66 Medical Service Corps officers required to fill billets approved by the Chief of Naval Operations.

HOSPITAL CORPS ENLISTED PERSONNEL

The enlisted Hospital Corps strength has increased from 22,522 on January 1, 1951 to 32,699 on January 1, 1952.

The input of recruits in our Hospital Corps schools has been averaging 608 per month during the calendar year. The input per month is set at 850 starting January 1, 1952. Graduates during the last 5 months of calendar year 1951 averaged 509 per month.

During 1952 Reserve hospital corpsmen will be returned to inactive duty. This will cause a tremendous loss of petty officer ratings as 95 percent of the 10,000 reserves are petty officers. This is a major problem for 1952. All these petty officers will be replaced by nonrated personnel from our basic Hospital Corps schools.

Since the outbreak of hostilities in Korea, Medical Department personnel have participated through service in the combat zone and adjacent areas, to the extent of 6,382 enlisted men and 1,853 officers. Of this number 662 enlisted men and 60 officers have been reported as casualties. Of these casualties, 60 enlisted men and 2 officers have been killed in action or have died of wounds, and 9 enlisted men are missing in action. The rotation policy for Medical Department personnel in the Far East provides that personnel on boards ships returning periodically to the United States serve 24 months. Personnel on board ships which normally do not return to the United States but serve continuously in the Far East area serve a tour of 18 months. Personnel attached to Marine combat units in Korea serve a maximum tour of 12 months with a target of 9 months. At the present time the rotation period of this latter group is between 9 and 10 months. The character of service being rendered by these men is illustrated by the fact that the most recent tabulation shows the following awards for merit to hospital corpsmen on duty with Marine units in Korea: 2 Navy crosses; 1 Navy and Marine Corps medal; 1 silver star; 1 gold star in lieu of second a silver star; 40 bronze star medals, and 18 commendation ribbons with combat V.

NAVAL RESERVE PROGRAM

A firm organizational plan on which future Reserve components may be established is to be found in the present Medical Reserve program, and it becomes increasingly apparent that such a program is an important part of our national defense. Our Reserve training program is carried out to insure the indoctrination of reservists in those phases of naval medicine which are not usually found during the normal course of civilian medical practice.

During the period of July 1, 1950 to June 30, 1951, the Medical Department received 2,900 applications for appointment in the Reserve Medical Corps, Medical Service Corps, and ensign, probationary (Medical). There were 715 applications for appointment in the Reserve Nurse Corps during the same period. There were in the total of 2,900 applications, 434 superseding appointments from ensign, probationary to lieutenant (j. g.), Medical Corps.

The entire military personnel situation of the Medical Department has been covered in considerable detail. The purpose here is to indicate complete awareness of the necessity for every possible measure of conservation in this area of critical professional manpower. Every effort has been extended to utilize to the fullest such available skills. Despite these efforts coincidental with the necessity for releasing to inactive duty reserve personnel who have completed required service, there is a major problem in the area of procurement. This problem is especially acute with respect to medical and dental officers.

NONRECURRING PROCUREMENT

As indicated earlier the 1953 estimate reflects a significant reduction in requirements for nonrecurring procurement. The amount requested in 1953 is $19,866,000, as compared with $54,191,000 in fiscal year 1952, a reduction for this item of $34,325,000. The major item in 1953 is an additional increment of $10,043,000 of procurement to meet program objectives for mobilization reserves of medical supplies and equipment. The Medical Department's war reserve account has been built up through retention of stocks on hand at the end of World War II, and annual procurement increments beginning in fiscal year 1951. With the addition of the amount requested in 1953, reserve stocks of medical stores, together with stocks in field installations and depot issue stocks will provide a readiness slightly over D plus 3 months. There are many additional items under nonrecurring procurement such as initial outfittings for expanded hospital facilities and new ships and stations; and major repairs and improvements at naval hospitals which will be discussed in detail when we review the budget activity by activity.

ADMINISTRATIVE IMPROVEMENTS

Matters pertaining to maintenance of health and care of patients are of course the primary interest and concern of the Medical Department. However, there are other considerations that are involved in the administration of a medical department; problems and operational difficulties, which unlike the number of victims of enemy action for example, may be controlled by earnest, effective administration.

An example of more effective utilization of personnel is the use of mobile surgical teams. These teams, staffed with 3 physicians

assisted by 10 corpsmen, are provided with special outfits of equipment which include instruments, sterilizers, and surgical supplies. Trained as units, these mobile teams are prepared to provide early surgical treatment of casualties, thereby reducing the need to keep various naval stations staffed unnecessarily during quiet periods.

Further progress has been made during the last year in the development and testing of new items of field medical equipment. We are able to report that approximately 50 new items have been standardized for use not only by the Medical Department of the Navy, but for use by the medical departments of our sister services. Such standardization has improved the efficiency of medical practice in the field and provided for economy in procurement.

Another recent change pertains to the handling of health records. These records are frequently required by the Veterans' Administration when adjudicating claims filed by former members of the naval service. It had long been the practice to prepare microfilm reproductions of those medical records of which copies were requested. Under present operating procedure, the original records are now furnished on a loan basis, thereby expediting the flow of this vital information.

During the past year a naval hospital (at Portsmouth, Va.) was designated by the Bureau of Medicine and Surgery to serve as a pilot installation for the testing and development of various hospital administrative techniques and procedures with a view toward their adoption by the Medical Department of the Navy. The use of this pilot installation will facilitate the testing of new developments in the field of hospital management in a controlled operating situation. Furthermore, stumbling blocks can be discovered and removed from new procedures prior to their being adopted by the entire naval hospital system, thereby insuring that the new administrative techniques are completely developed and of maximum value before service-wide installation.

Finally, simplified administrative procedures have been developed and installed which have achieved significant reductions in the administrative aspects of length of patient stay. These procedures were the result of a detailed analysis of administrative factors which have a bearing on prolonged hospitalization. They have enabled Medical Department personnel to devote additional time to other important tasks, and increased the effective strength of our Armed Forces. This has been accomplished without in any manner reducing the high quality of naval medical care or by depriving any patient of hospitalization and treatment essential to his recovery.

During fiscal year 1951, it cost the Government for complete medical treatment—and the word "cost" is emphasized, because the figures used include military pay and all other expenses—an average of $11.04 per patient-day in naval hospitals. It is not desired to elaborate further on this cost, but comparison with costs of operation for other governmental or private hospitals is invited.

OBLIGATIONS

Of the total funds available for the fiscal year 1952, $154,335,191 were obligated and committed as of December 31, 1951. This represents 97.9 percent of the total funds available, including appro-

priated funds and reimbursements. The balance will be obligated by the end of the fiscal year.

Now, Mr. Chairman, we have three charts here that I should like to present at this time. The first chart presents our total requirements for fiscal years 1951, 1952, and 1953. Normally, our requirements are met from two sources, appropriated funds, which are represented by the blue portions of the columns, and reimbursements which are represented by the brown portions. As is indicated, the amount received from reimbursements remains fairly stable over the 3 years. In 1952 as is shown by the yellow subdivision, it is necessary to use $13,473,000 of inventory in order to meet our requirements. I think the most significant fact shown by this chart is that despite increasing costs and an expanded Navy, the appropriated funds requested in 1953 are less than the amounts provided in either fiscal years 1951 or 1952. There are several reasons for this decrease, but I want to assure you that every effort has been made to keep 1953 requirements at a minimum.

INVENTORY DECREASE

Mr. SHEPPARD. Before you leave that chart, in order to have continuity, the encroachment upon your inventory to the extent of some $13,473,000 reflects in the decrease in your estimate for 1953, does it not?

Admiral PUGH. Yes, sir.

Mr. SHEPPARD. To some degree that remains, percentagewise, to be established, but there is some reflection there of it.

Admiral PUGH. Yes, sir.

HOSPITAL REQUIREMENTS

Admiral PUGH. On this second chart we show our total bed and patient requirements for fiscal years 1951, 1952, and 1953. The fiscal year 1951 figures are actual.

The broken column in each case indicates the total patient load for each year. Each column is divided to show total Navy patients and "others." The category of "others" includes Army, Air Force, dependents, veterans, retired, and other authorized supernumerary patients. A more detailed breakdown of this category appears on pages 18–9 and 18–10 of our estimates. The solid column represents total operating beds authorized.

In terms of occupancy rates, in fiscal year 1951, 76 percent of our authorized operating beds were occupied at all times and we plan on an occupancy rate of 80 percent in fiscal years 1952 and 1953.

Mr. SHEPPARD. What is the language incorporated in the blue reflection there in the first column?

Captain CURETON. The figure is 4,988, and the title is "others." That is, all patients outside of Navy and the Marine Corps active duty personnel.

Mr. SHEPPARD. Would it include your contract service and the Veterans' Administration, and so forth?

Captain CURETON. Yes, sir.

Mr. SHEPPARD. Proceed please.

MEDICAL STORES REQUIREMENTS

Admiral PUGH. Chart No. 3 shows the total requirement for medical stores for the first 12 months of mobilization. This is the period which would elapse before industry could meet total requirements out of current production.

The first column represents the total requirement for initial outfitting of ships, stations and hospitals, stock levels and usage.

To partially meet this requirement we will have on 1 July 1953 assets totaling $150 million. These assets include stocks in using activities of $18 million, $37 million in depot issue stocks, and $95.4 million in depot war reserve stocks, of which $10 million is requested in the estimates before you now.

The $10 million requested meets the approved program objectives of the Chief of Naval Operations and as you see on the charts this amount will put us at a position just slightly beyond the requirement for the first 3 months of mobilization.

Mr. SHEPPARD. As I interpret this chart the column on the left is the inventory which you are going to build up for the mobilization requirement, while the column on your right has to do with your operational requirement; is that correct?

Captain CURETON. No, sir; Mr. Chairman. The column on the left there represents the total requirement for all purposes for the first 12 months of mobilization. The one on the right represents the total available supplies that will be on hand at the end of 1953, including the $10 million that is requested in this estimate for that build-up.

Mr. SHEPPARD. Well, then, what will be the difference between your established requirements and what you intend to put in inventory for mobilization requirements?

Captain CURETON. $150.6 million will be on hand including the funds requested. The difference is $237 million which will not be on hand at D-day and would have to be obtained from industry to carry the effort through the first year of mobilization. That is the unbudgeted portion of the first year's mobilization requirements.

Mr. SHEPPARD. We may find occasion to refer back to your charts again. Will you reduce those three charts to a tabulation and insert that in the record at this point.

(The requested material is as follows:)

Chart 1.—Requirements—Medical care, Navy

	Fiscal year 1951	Fiscal year 1952	Fiscal year 1953
Appropriation	$125, 735, 542	$132, 332, 354	$116, 500, 000
Reimbursements	20, 761, 437	22, 027, 000	22, 195, 000
Utilization of inventory	0	13, 473, 000	0
Gross requirements	146, 496, 979	167, 832, 354	138, 695, 000

Chart 2.—Bed and patient data

	Fiscal year 1951	Fiscal year 1952	Fiscal year 1953
Operating beds	23,136	26,312	28,125
Navy patients	12,621	16,480	18,404
Other patients	4,988	4,570	4,096
Total patients	17,609	21,050	22,500

Chart 3.—Mobilization reserve requirements for medical stores

Requirements:		Anticipated D-Day assets:	
To D+3	$140,400,000	Field stocks	$17,981,000
To D+6	220,100,000	Depot issue stocks	37,214,000
To D+9	301,600,000	Depot war reserve	85,398,000
To D+12	387,700,000	Requested, fiscal year 1953	10,043,000
		Total	150,636,000

Mr. WIGGLESWORTH. Could I have a look at chart 1 for just a minute?

Mr. SHEPPARD. Certainly.

COMPARATIVE TRANSFER

Mr. WIGGLESWORTH. The appropriation figures in your lower brackets do not seem to correspond with the figures that appear in the budget breakdown here. The $116,500,000 for 1953 is the same as in the budget?

Captain CURETON. Yes, sir.

Mr. WIGGLESWORTH. For 1952 there is a budget figure of $135,770,000 which compares with your $132,332,000.

Captain CURETON. The difference represents the comparative transfer to the appropriation service-wide supply and finance, representing the support of the medical supply system which will be assumed by that appropriation in the fiscal year 1953, and that is indicated here.

The comparative transfer of $3,520,646 less $83,000 reimbursements contained therein when added to the $132 million will bring it up to the requirement shown in the budget.

Mr. WIGGLESWORTH. In your 1951 figure you have $125 million.

Captain CURETON. $125 million.

Mr. WIGGLESWORTH. $125,735,000, and the budget figure is $127,138,000.

Captain CURETON. We also have comparative transfers and savings on that one, representing a net reduction of $1,402,458.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Mr. SHEPPARD. All right, gentlemen, the committee will come to order.

ADVANCEMENTS IN MEDICAL SCIENCE

At the moment I am going to address myself to a few questions and matters of a general nature.

What are some of the new developments in the field of medical science either within the Armed Forces medical divisions or in outside professional institutions?

Admiral PUGH. In the field of medicine, I would say that there have been very important advances made in the discovery of certain antibiotics for the treatment of dysenteries and intestinal disorders. There have been developed certain new antimalarial drugs which are effective.

Mr. SHEPPARD. Insofar as you can draw a line of demarcation as to where they had their origin and development—that is, in civilian research or that of the military—please do so.

Admiral PUGH. I do not know to what extent the new antimalarial drugs are used by the civilian profession. I dare say that both chloroquin and primaquin are available to the civilian profession and are being used. Terramycin is one of the antibiotics that has been used with very gratifying results in the treatment of certain types of dysentery.

They are the two principal medicaments that have come into the military medical firmament during recent years, since the outbreak of hostilities in Korea.

Surgically, I think that one of the most important advances in the field of surgery has been the introduction of a method of preserving bone—a bone bank.

We are also doing research on the preservation of sections of blood vessels, called blood-vessel grafts, to be used if a section of a blood vessel is shot away, and there has been considerable progress made in the development of a skin bank.

I do not believe that we have used skin that is preserved in a bank to any considerable degree, but work is going forward in that field, and I think ultimately we may have a workable skin bank.

SURGICAL TEAMS IN KOREA

In Korea we have used surgical teams with extremely good results. These surgical teams comprise a surgeon and his assistant, who is also a surgeon and a physician-anesthetist. There are three doctors on the team, and then we have 10 corpsmen who are specially trained as operating-room technicians and laboratory technicians.

Mr. SHEPPARD. That is the mobile organization you have previously referred to?

Admiral PUGH. Yes, sir. They have this advantage: that they are mobile; that we can pick them up by plane and take the team to an area where there has been a heavy concentration of casualties.

USE OF THE HELICOPTER

Mr. SHEPPARD. I wish you would address yourself specifically at the moment, insofar as the preservation of life is concerned, to this question: What has the helicopter added to the ability of your field service in performing its functions?

Admiral PUGH. The helicopter has added tremendously, sir.

The helicopter in Korea has been, perhaps, the one device that has cut the mortality rate down more than any other one single thing.

I do say this, though: That we should not be lulled into a false sense of security by reason of our use of the helicopter in Korea, because I do not think it would be possible to use helicopters for the transportation of wounded men from the scene of combat back to a rear area in anything like so effective a manner as we used them, if we were confronted with an enemy that had air power comparable with our own.

We have installed on our hospital ships—or one of them, at least, that has gone back to Korea—a landing platform for helicopters. Thus, it will be made possible for the helicopter to take a wounded man and fly him to the hospital ship and deliver him without stopping, and that type of thing can be utilized very well in Korea, because Korea, as you know, is a peninsula; and, if we have hospital ships on either side of it, there is not very far to fly an individual from one direction or the other.

Mr. SHEPPARD. In other words, to the degree that they are not exposed to attack, they are very efficient?

Admiral PUGH. Yes, sir; they are very efficient, and in that terrain where it is extremely difficult for any kind of surface vehicle to get over the ground, and for it to move over that rough terrain it would be very hard on the individual being transported by being jostled if he were transported in a surface vehicle. The helicopter can pick up a man from any kind of terrain; and, so, the helicopter has been a tremendous boon to the combatant troops in Korea in this campaign.

PROTECTION AGAINST ATOMIC EXPOSURE

Mr. SHEPPARD. What has been developed, since your last appearance before the committee, in the field of protection against atomic exposure? Do you want this on the record or off the record?

Admiral PUGH. This is on the record.

There has been developed a little device called the dosimeter. They have been in existence since the early days of the atomic-energy business. Captain Schilling, will you explain how these things work?

Captain SCHILLING. We have had an indicator, Mr. Chairman, of the amount of radiation that an individual had been exposed to, but the indicator we had was a rather crude sort of thing, and as time has passed we have made improvements until now this is the latest device we have. It has many advantages over the original device, and by means of this it can be told how much radiation an individual has been exposed to, and what should be done about it, whether or not he has had as much as he should have and should be removed from an area, and so forth.

Mr. SHEPPARD. Are those to be issued from an individual concept?

Captain SHILLING. Yes, sir; they will be issued to officers, chief petty officers, and other responsible individuals.

Mr. SHEPPARD. In other words, it is part of their equipment so that, when an individual is brought back for the purpose of analyzing the exposure to which he has been subjected, you have that factor?

Captain SHILLING. Yes, sir, and they are quite economical. I understand they cost 99 cents.

Mr. SHEPPARD. Do you have them in production at this time?

Captain SHILLING. Yes, sir.

Mr. SHEPPARD. To what extent do you have them in stock, and to what extent are you ordering them?

Captain SHILLING. We have ordered enough to satisfy the demands of the Navy. Civilian defense is also ordering them, and the Army is ordering the same kind of thing.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Mr. SHEPPARD. What other particular advancement within that field do you have in mind, Admiral?

Admiral PUGH. There has been developed a type of covering that is resistent to atomic radiation. I do not believe we have made use yet of any of that in the service, but there has been some work done in the field.

Captain Cureton points out that we have used radioactive gallium as a diagnostic means of determining whether or not a bone tumor exists. Certainly, I think that has been mentioned in some of our previous meetings. We have used a number of radioactive agents. One that is now being used quite actively is radioactive iodine in connection with cases of goiter.

Mr. SHEPPARD. Without diminishing the results or effects of exposure to an atomic blast, in our first conception of its effects we drew some rather pessimistic conclusions. It is reasonable to assume now that due to the research and development work that we have done, or, perhaps, research exclusively, that we now find that it is not as serious as it was, and aside from that, that medical science has developed improved techniques to the degree that they can treat individuals who have been exposed to atomic radiation in a far more satisfactory manner under existing and already developed procedures than existed perhaps a year or year and a half ago?

Admiral PUGH. That is entirely correct, sir. Your whole concept is extremely accurate.

Last summer I was in Hiroshima. We had been led to believe early that the whole area around there would be too hot for occupancy for some time, but I found people right in the very center of where the bomb dropped, and paying very little attention to any of the radioactivity that remained there. We still realize that there are many things that we have to deal with with a lot of respect. Certainly the original concept with regard to radioactivity and atomic bombs has been very much modified and toned down.

ADVANCEMENTS IN CANCER, HEART, AND T–B TREATMENT

Mr. SHEPPARD. Now, with reference to ailments of humanity that we have had to deal with over a period of years what particular developments, if any, have been effected or made available that are beneficial or corrective, for example, for such ailments as cancer, heart trouble, and tuberculosis?

Admiral PUGH. Well, right now, there are certain agents or drugs, I suppose you could call them, that are being given quite a play, such as in the treatment of tuberculosis. I am not prepared to make a statement upon that because it is something that I am not sufficiently familiar with.

Mr. SHEPPARD. That is a development emanating from the civilian or private-practice category, as compared with that of the military, is it not?

Admiral PUGH. Yes, sir. It has been found that there are certain new drugs that are effective in the treatment and cure of tuberculosis. Streptomycin is still being used. Captain Shilling may be able to elaborate somewhat further on them, but we have discovered means of dealing with tuberculosis which are far more effective than we had just a few years ago.

Insofar as cancer is concerned we have no cure for cancer. We do know how to control it better, and we have developed surgical procedures in the management of cancer too that were never undertaken a few years ago.

Mr. SHEPPARD. Before you leave cancer, what is the status of diagnosing the existence of cancer? Has that been improved upon to the degree that you can take a suspected case of cancer and determine whether or not the individual is suffering from that ailment, and if so, to what stage does the disease have to proceed before its detection can be determined?

Admiral PUGH. The diagnostic means have been improved greatly. There are many diagnostic procedures that are relatively new, such as, for instance, taking certain washings from some internal organ, a washing from the stomach that discloses cancer cells, or the use of instruments to explore a lung with a view toward determining whether or not cancer cells are obtainable from it.

Mr. SHEPPARD. What is supposedly the system that they are using now wherein they use a color reflection in order to determine the extent of cancer within the body? Do you know anything about that, and is that being effectively followed or not?

Admiral PUGH. I do not think that is being effectively followed. It has been recommended, and there are some who claim that they are able to detect evidences of cancer by various color methods, and so forth, but I am not familiar enough with that, either, to make a positive statement about it.

Mr. SHEPPARD. Is that technique being applied within the Medical Division over which you have supervision?

Admiral PUGH. I do not believe so.

Mr. SHEPPARD. What are the techniques that are being presently applied within your function?

Admiral PUGH. Well, the technique such as direct visualization.

Mr. SHEPPARD. Through exploratory incisions?

Admiral PUGH. No, sir; through the use of the bronchoscope it is possible to look into various ramifications of the lung, and it is possible to look into the stomach by means of instruments, and it is possible to obtain washings from all those areas. Of course, it is possible to look down into the lungs, the throat, and lower bowel and into the rectum and the techniques of using the X-ray are better, and there are also certain studies of the blood, and so forth that are indicative of the presence of cancer. There are also certain measures that can,

in themselves, be diagnostic measures, and the sum total of a number of tests will add up to show cancer, and the early diagnosis of cancer is frequently the difference between cure and the inability to cure.

It used to be many times that we were dealing not with the symptoms of cancer, but with the symptons of the complications of cancer, and that meant that the cancer had advanced too far to lend itself to cure by any means.

Captain CURETON. Mr. Chairman, if I may add, the Navy Medical Department does not have a formal cancer research project that has been assigned to our cognizance.

Mr. SHEPPARD. What do you do when a patient appears within your operations who is a cancer suspect; what is the procedure that you follow?

LIAISON CANCER INSTITUTIONS

Admiral PUGH. We make a diagnosis in the majority of cases. If the patient is one that appears to be beyond our sphere of competence to deal with, we send him to New York to St. Albans Naval Hospital, which is a cancer center, and we have close liaison there with the Memorial Hospital in New York, which is the leading cancer hospital in the country.

Mr. SHEPPARD. What is the existing liaison by and between institutions of that character and that of the Navy's Bureau of Medicine and Surgery? In other words, is there very close cooperation with institutions of that character and the Navy, not necessarily that particular one, but taking them in general?

Admiral PUGH. In general, the relationship is excellent. We have the finest kind of rapport with any civilian institution that we care to enlist the aid of.

ADVANCEMENTS IN HEART DISEASE TREATMENT

Mr. SHEPPARD. What is the situation relative to heart ailments? What improvements, if any, have we made in our technique in the last 2 years?

Admiral PUGH. I think, sir, the biggest single measure that has come into the cardiologists sphere of interest has been the ballistocardiograph. That is a device that is used to diagnose heart ailments, and with the knowledge that it is possible for the cardiologist to obtain through the use of this instrument, he can so manage his heart cases that many who would formerly have died prematurely of heart disease go on now for many years.

BETHESDA MEDICAL CENTER

Mr. SHEPPARD. Well, I assume, that when you use the Bethesda Medical Center as an example, that you would have out there specialists in the analyzing and diagnosing of heart ailments, or do you have men who just practice in general functioning in that capacity, which of the two?

Admiral PUGH. We have both.

We have at Bethesda, in the department of cardiology, in the heart department, Navy doctors who are specialists in that field, and then we also have consultants.

At Bethesda and at all other naval hospitals, where we have training programs we have the best civilian consultants obtainable from the adjacent community, and if we have the same need for civilian consultants at any of our hospitals, whether we have a training program there or not, we have access to that type of expert advice.

Mr. SHEPPARD. In other words, then, those physicians and surgeons who are specializing in certain aspects of treatment do have a continuity of access to the most improved methods, irrespective of where they may emanate from?

Admiral PUGH. Yes, indeed.

Mr. SHEPPARD. Is that a compulsory procedure upon the part of those specialists, that they have to go through this training program, or is it one of a voluntary concept?

Admiral PUGH. They are usually eager to take advantage of every opportunity possible to enhance their professional stature and competence. We require it too. It is required that they meet certain qualifications in order to be certified, in order to be given the stamp of approval that they seek and must have before they are recognized as specialists in that field.

Mr. SHEPPARD. There was recently some comment—there was not too much publicity given to it, in fact, a very limited amount of publicity—relative to the fact that men are functioning in Armed Forces medical divisions under an extremely heavy load of work with specific reference to those who are in analytical positions, where they have to read cardiograms, and so forth, and that their backlog of work was such that they did not have actually the necessary time to properly study the readings that were prepared for them. Is there any fact or substance pertaining to that kind of a comment?

Admiral PUGH. I think not in the Navy, sir.

Of course, there are occasions when the Navy doctor, as well as the civilian doctor has a heavy workload because of circumstances or a combination of circumstances arising, but by and large I do not think that our doctors are overworked, or have a backlog that places upon them an undue strain.

If the individual, Mr. Chairman, enjoys his work, he is not apt to be overworked.

Mr. SHEPPARD. Well, I do not know whether I can completely agree with you on that. I do believe that even though one may be completely wedded to his profession, irrespective of what that profession may be, that you can tax a person to the point, let us say, of diminishing returns.

Admiral PUGH. I think that is true; yes.

Mr. SHEPPARD. The point that occurs to me is that a man who is placed in the position of diagnosing cases involving extreme hazard, to wit, those of cancer, and those of heart conditions and other like destructive disease ailments, should have ample time for making a very serious and accurate study of the information that is prepared for him, because obviously, his conclusions can either be handing down a death warrant or a possible continuity of longevity.

Admiral PUGH. That is true.

Mr. SHEPPARD. So there is, to me, a very serious aspect to that particular field of function.

Admiral PUGH. I agree with you. I am sure that there is such a thing as an individual having more to do than he can do well, but I

think most doctors guard against being stampeded into making decisions insofar as diagnosis is concerned in, we will say, a half-baked manner or passing snap judgment. I do not think that that is likely to happen in the Service.

Mr. SHEPPARD. I am glad to have you be able to tell us that that is your general feeling about the situation.

We have the psychology of the modern day that things must be done yesterday. I sincerely trust that at no time your men who are in positions of the character to which I referred will become overloaded to the degree that their analyses and conclusions would be predicated upon an expeditious concept. I hope we do not have that in our medical divisions.

Admiral PUGH. We guard against it.

Mr. SHEPPARD. Well, your organization has always had a very enviable reputation, and I am sure that under your jurisdiction it will maintain it.

HAZARDS OF CHANGING G-STRESSES

Mr. FERNANDEZ. On page 5, at the top of the page you speak about "devices to protect man against hazards of rapidly changing G–stresses." What does that mean?

Admiral PUGH. It means gravity.

Mr. FERNANDEZ. Gravity?

Admiral PUGH. Yes, sir.

VISUAL SUBMARINE DETECTION

Mr. FERNANDEZ. And in the next paragraph you say,

> A steady advance was made in solving the visual problems involved in detecting and identifying submerged objects.

Captain SHILLING. What is referred to there is research designed to enable an observer in a plane or a blimp to detect submerged submarines. It is part of the antisubmarine warfare activity. Although this is not, of course, primarily a Bureau of Medicine and Surgery project, yet the representatives of the Bureau do work in assisting the other Navy organizations where the man is involved. This is quite largely a visual function, and along with visibility the problems of movements of water, and so forth.

Mr. FERNANDEZ. It has nothing to do with improving eyesight to such an extent that they can detect them?

Captain SHILLING. No, sir, that is correct.

Admiral PUGH. Off the record.

(Discussion off the record.)

STUDIES ON INNER EAR FUNCTIONS

Mr. FERNANDEZ. Then on the top of page 6 you mention "Studies on the functioning of the inner ear indicate new theories," and so forth.

Captain SHILLING. What they refer to there is the part of the inner ear that gives you the feeling of balance, that is, lets you know whether you are standing upright, or being tipped to the right or to the left. What is happening is that in many of our aircraft crashes they found,

particularly at night, or in bad weather, that the individual was not able to know where he was. So, what is actually happening is that they are studying the balance mechanism of the inner ear to find out if they can be more certain on training and, perhaps, even develop additional equipment that will allow an individual to fly with the assurance of knowing where he is.

CHEWING EFFICIENCY STUDIES

Mr. FERNANDEZ. On that same page you say: "Field studies involving the application of scientific developments within the Navy have measured the chewing ability of recruits where a number of teeth were missing." How do you go about that?

Captain SHILLING. The background of the situation first is that the restoration of large areas of missing teeth is a very expensive proposition.

The question that was raised by the Dental Corps was that while we want every man as completely efficient dentally as possible, do we have to make complete restorations, or even large partial restorations for the sake of efficiency.

So, an experiment was run this time jointly at Tufts College and the Naval Training Station at Great Lakes to determine chewing efficiency. They used the peanut as an article to show chewing efficiency. They chewed a certain designated number of times and measured the size of the particles, and after measuring the size of the particles made a complete study of the dentures and chewing method. They found that people chewed very much according to their right or left-handedness, and if the jaw was completely normal you chewed mostly on the right side if you were right-handed. If you had a large number of missing teeth on one side automatically you shifted your chewing to the opposite side and did a very efficient job of it.

So, the question raised was in the interest of saving the taxpayers' money, should we make restorations that are not necessary for efficiency? In order to control and study this problem they made a piece of equipment which in order to demonstrate properly would have to be connected with electric current. However, what happens is an individual bites upon a type of chewing gum. This is inserted in the equipment, by dropping it in here. You read off the dial, and the electrical responses are actually to the resistence to light passing through this part [indicating] where the teeth have separated the gum, and on the side of the equipment you read off the efficiency of the individual for chewing on that side.

In this particular case the individual had no teeth on one side, except a little one there, but on the opposite side he had good approximation of his molars, and he turned out to have 96 percent efficiency for chewing on that side.

Mr. FERNANDEZ. And he gets no teeth?

Captain SHILLING. He gets no teeth, unless the dentist feels that there are other reasons, cosmetic reasons or something of that kind, but it does save us a tremendous amount of money. This bill was was rather large in the last war for men who wore their teeth in their pockets a good deal of the time. So this simple experimental device has not been tried out on a large number of men, but it is now being tried out at Great Lakes as a method of determining whether or not restorations are necessary.

Mr. WIGGLESWORTH. If a man has been able to get along in civilian life with the teeth that he has, why is not the presumption that he can get along equally well in the Navy?

Captain SHILLING. Yes, I agree with you, sir. We definitely feel that if he has been getting along well in civilian life he can continue to get along well in the Navy. However, frequently in an accident teeth are knocked out, or they have to be pulled for disease, and then the question is raised as to what restoration is necessary.

Mr. WIGGLESWORTH. I do not know whether the standards are changing, but I have had numerous cases, and I think we all have had them, of applicants for admission to the armed services who have been turned down because they had two or three teeth missing.

Captain SHILLING. That is not within my purview, but I think the standards are being changed in that respect.

Captain CURETON. The standards have been changed during the past 4 or 5 years. I believe under the present enlistment standards that there are very few cases rejected for dental defects alone.

MEDICAL CORPS PERSONNEL

Mr. FERNANDEZ. On page 9, in that tabulation referring to the Medical Corps and the Dental Corps you have Medical Corps on board June 30, 1951, 4,282. That line covers doctors and what else?

Admiral PUGH. Just doctors.

Mr. FERNANDEZ. And the next one covers only dentists?

Admiral PUGH. That is all, sir.

Mr. FERNANDEZ. What is covered by Medical Service Corps in the third line?

Admiral PUGH. The Medical Service Corps is a corps that was created 3 or 4 years ago by act of Congress, and it is comprised of four different categories. One, the smallest, is the optometrists, the second, the pharmacists, and the third, allied scientists, who are people such as research scientists. An M. D., as a matter of fact, cannot be a member of the Medical Service Corps, but they are Ph. D.'s and scientists. The largest group is the Supply and Administrative Section, composed of administrative officers. That also includes the warrant officers of the Hospital Corps.

Mr. FERNANDEZ. And in the next line it covers nurses?

Admiral PUGH. That is all.

SEPARATION EXAMINATIONS

Mr. SHEPPARD. What is being done as a matter of policy on having a very rigid examination of the individual who is leaving the service for purpose other than that of medical discharge? My question is pointed toward the factor that we have had in the past a tremendous hold-over of veterans' claims in the so-called non-service-connected categories. It may be that we could obviate a major portion of this problem by literal definition if proper examinations were made at the time the personnel was discharged and at the time of their induction into the service. If the two examinations matched up that would indicate, in my opinion, as a layman, from a qualified medical concept as to whether it was a service-connected condition.

Admiral PUGH. Of course, one of the principal reasons for careful physical examination when an individual enters the service is to determine his fitness to perform the duties of an individual in uniform.

The other is to protect the taxpayer from having this individual as a liability for the rest of his life, and the examination that is made at the time of his release is for the express purpose of finding out whether or not he is free of an ailment that he can claim service connection upon, and they are kept to a minimum by reason of that type of procedure, but there are some who will contend that when they left the service evidence of an ailment was not discovered, and that ailment actually did exist, or it had been aggravated by reason of the service. There are some whose claims are correct, I would say, because we do not claim to be perfect, but there are many others whose claims are magnified.

CONTINUITY OF MEDICAL RECORDS

Mr. SHEPPARD. We are, under present conditions, as I understand them, being as careful as we possibly can with our reporting system, meaning by that that here is X individual, and he is in service in the theater of operations in Korea. Aside from his entry into the service and his medical examination at that time, he is called upon to go some place for medical treatment. I have been under the impression that you are keeping records of those medical treatments wherever and whenever you can. Of course, I realize also that there are certain operations in combat procedure where taking the time to make records is very difficult, but under reasonable conditions there is a continuity of reports in that man's file, is there not?

STANDARDIZED PHYSICAL EXAMINATION SYSTEM

Admiral PUGH. Yes, indeed, sir. Captain Cureton suggests that it might be of interest to you if Captain Shilling would describe what we call the PULHES system.

Mr. SHEPPARD. I think it would be very interesting to have that in the record at this point because there has been considerable discussion by Members of Congress about what appeared to them to be lapses in the procedure that would permit encroachments upon the taxpayers that were not necessary. So, I think it would be advantageous to have any advance in procedure placed in the record at this time, Captain, if you will.

Captain SHILLING. Under the unified leadership of Mrs. Anna Rosenberg we now have a standard physical examination for all three services.

This standard physical examination has been designated to be conducted under a profile concept called PULHES.

This profile system is a matter, really, of recording the physical examination. The physical examination is not done any differently. However, it is recorded in such a way that it can be interpreted by anyone in either of the three services, and this gives an answer, I think, to the problem of knowing what the man had by way of physical qualifications when he entered the service, and comparing them, then, with these qualifications when he leaves the service. Just to take an example, the "E" in the PULHES stands for eyes.

There are a number of categories under eyes. A man will be graded in these categories.

The "U," for example, stands for upper extremities. He will be graded there so that one can infer in this new type of grading that both arms move perfectly without any difficulties.

This PULHES system is also being used by all three services in an attempt to facilitate the job of placement. We are classifying all of our jobs as carefully as possible, so that we will know what their requirements are from a physical standpoint, and then by our again referring to this chart make certain this man fits the requirement.

Mr. SHEPPARD. Are there any medical devices connected with the operation that you have presently referred to that are of a phenomenal character? In other words, are any medical devices applied here that are out of the ordinary procedure?

Captain SHILLING. No, sir; this is simply a recording form to make a profile, in a sense, a factual profile of the individual.

Mr. SHEPPARD. In other words, it is a refining operation of classification, is it not?

Captain SHILLING. Yes, sir; that is right.

Mr. SHEPPARD. And what we are actually doing is applying a little more definite method in diagnosing the stature of an individual than you have heretofore?

Captain SHILLING. Yes, sir.

Mr. SHEPPARD. There is no specific, specialized requirement as such. It is a matter of just the common application of medical procedure?

Captain SHILLING. That is correct, sir.

Mr. SHEPPARD. Then if that is true, why should it be necessary to have instituted a specific geographical area where all men have to go through that specific clinic, instead of having it applied through the procedure we have heretofore followed?

Captain SHILLING. I did not mean to infer that it was handled through one area. The unification was merely a standard form and standard instruction.

Mr. SHEPPARD. I grant that, but the end result as it has appeared in the appropriations is becoming operative within a centralized geographical area which is going to cost considerably more funds by the method of transporting X inductee from this point to this point, whereas, in reality under this procedure, under a common-sense application we could do the job at the same place geographically that we are presently doing it. That is what prompted my question.

Captain SHILLING. I agree with you completely.

Mr. SHEPPARD. So you are clarifying and acquiescing in the procedure without having any comments to make pertaining to the geographical aspect of it?

Captain SHILLING. Exactly right.

Mr. FERNANDEZ. Does this include the mental qualifications, also?

Captain SHILLING. Yes.

Mr. WIGGLESWORTH. What do the other four letters stand for?

Admiral PUGH. The "P" is for general physical well-being.

Captain SHILLING. "U" is upper extremities and spine; "L" lower extremities, lower spine, and pelvis; "H", hearing and ear diseases; "E," eyes, vision or eye disease; and the "S" stands for emotional stability.

Mr. WIGGLESWORTH. The I. Q.?

Captain SHILLING. Yes; this is one item included.

Mr. SHEPPARD. When the subject matter first appeared before the committee it showed up in the appropriation presentation of the Marine Corps, as I recall. That attracted my specific attention to it. People who were later sent to explain the problem were not well versed in the technique, certainly not as well versed in their ability to portray the literal function as you. My own interpretation was somewhat predicated upon the line that you have proceeded on, although I did not know the phraseology that would embrace a definition of it. I did assume that it was a technique of common application by those who were in the professional world and once the orders were issued anyone capable of making the examination at all would be capable of following the formula, because it is a formula and that is all.

Captain SHILLING. That is correct. It is being used by the Canadians and by the British.

Mr. WIGGLESWORTH. Have the armed services, each of them, from time immemorial when considering an applicatnt for admission to the service, made an examination of his physical qualifications, including the upper extremities, the lower extremities, the eyes, the ears, the heart, and his I. Q.

Captain SHILLING. That is correct, sir. The examination has not changed. The method of recording it has changed so it will be more universally exchangeable.

Mr. WIGGLESWORTH. And that is all that is involved in this new development?

Captain SHILLING. Right, sir.

ENLISTED HOSPITAL CORPS

Mr. FERNANDEZ. You might as well complete that tabulation on page 9 by telling us what the enlisted hospital corps refers to.

Admiral PUGH. The enlisted hospital corps is made up of a selected group of enlisted men. They are selected at training stations. Upon their application we ask for volunteers and we give them a brief screening to determine whether or not they have the qualities that we require of a hospital corpsman, and then we give them special training in schools. We have one such school at Bainbridge, Md.; one at Great Lakes, Ill.; one at San Diego, Calif., and one at Norfolk, Va.

This course of training is some 20 weeks, and then from that school they are assigned to duty in the Navy, aboard ship, with the Marines in the field and in our hospitals, and they function in somewhat the capacity of a male nurse, but they are not qualified to perform all the duties of a registered nurse.

Mr. WIGGLESWORTH. Do they get the PULHES also?

Admiral PUGH. Yes.

UTILIZATION OF INVENTORY

Mr. FERNANDEZ. Yesterday in those charts that were presented here you showed $13,473,000 as representing the utilization of inventory.

Admiral PUGH. Yes.

Mr. FERNANDEZ. That was the inventory used in 1952, is it being replenished?

Admiral PUGH. No, sir. We used to have a larger stockpile of inventory and supplies for our immediate use, but that was reduced a year ago. We used to have 18 months' supply on hand, on order and in transit, and so forth, and it was reduced to 12 months. That made a surplus of supplies that we were able to draw from.

Mr. FERNANDEZ. It is from this surplus that you used the $13,000,000?

Admiral PUGH. Yes.

Captain CURETON. Basically what it amounts to is this: A policy decision was made that we did not need within the Navy that amount of stores in our issue stock to meet emergency situations, as we had felt that we should have, and the reduction in stock resulted from that policy decision. At the same time by that mechanism we were enabled to carry the activities of the Korean campaign without requesting supplemental funds from the Congress.

TRANSFERS IN THE ESTIMATES

Mr. WIGGLESWORTH. I would like to get a few over-all figures.

Last year you had $135,770,000 in your appropriation, according to the budget breakdown. This year you are asking for $116,500,000, which would appear as a reduction of about $19,000,000.

However, the request for 1953 excludes, according to footnote No. 4, $3,328,000 for activities transferred in the estimates to service-wide supply and finance, so that the real reduction would seem to be around $16,000,000.

Admiral PUGH. If I may, I would like to have Captain Cureton elaborate upon that point, sir.

Captain CURETON. That is a correct assumption, sir. In effect, the comparative transfers are as follows: In 1951 the figure is $2,867,792 and in 1952 the figure is $3,520,646, which was the cost of operating the supply function of the medical supply system, which in 1953 will not be operated under this appropriation but will be operated under the appropriation "Service-wide supply and finance," under the Bureau of Supplies and Accounts.

That was done in order to show that we had transferred this function to another appropriation. Technically, then, we should add the $3,328,000.

Mr. WIGGLESWORTH. For comparative purposes that reflects a reduction in the appropriation request of about $16,000,000?

Captain CURETON. That is correct, sir.

NONRECURRING PROCUREMENT

Mr. WIGGLESWORTH. I note on page 13 of your general statement this language:

> As indicated earlier the 1953 estimate reflects a significant reduction in requirements for nonrecurring procurement. The amount requested in 1953 is $19,866,000 as compared with $54,191,000 in fiscal year 1952, a reduction for this item of $34,325,000.

But for this significant reduction in requirements for nonrecurring procurement, your request would reflect an increase of something like $18,000,000, would it not?

Captain CURETON. That is correct. The increase would be referable to an increase in the strength of the Navy and the Marine Corps, who are serviced medically by us. That reduction in nonrecurring procurement is based upon a policy determination at a higher level to the effect that we would have acquired what was considered to be a satisfactory level in our war reserve. That is the significant reduction in nonrecurring procurement.

OBLIGATIONS AND COMMITMENTS

Mr. WIGGLESWORTH. If I understood you correctly, you gave us an obligation figure for the first 6 months for the fiscal year 1952 of $154,335,000. Data furnished from the Office of the Secretary of Defense indicate an obligation figure as of December 31 of $102,746,050. What is the correct figure?

Captain CURETON. The significance of the $154,335,000 is that that is both obligations and commitments.

Mr. WIGGLESWORTH. What is the obligation figure?

Captain CURETON. The obligation figure for December 31 is $107,056,526.76 or 68 percent of the available funds.

Mr. WIGGLESWORTH. That figure is $5,000,000 more than what appears on the breakdown from the Office of the Secretary of Defense which I have here entitled, "Department of Navy, Status of Funds Available in Fiscal Year 1952 as of December 31, 1951."

REIMBURSABLE OBLIGATIONS

Captain CURETON. The figure which you have, sir, does not reflect reimbursements. We had obligating authority and have obligated to this extent, including reimbursements.

Mr. WIGGLESWORTH. I do not understand what you mean by that.

Captain CURETON. Our gross availability of obligating authority for the year was $157,880,000. That included the reimbursement figure, sir.

Mr. WIGGLESWORTH. Well, we have three figures now. I am trying to get a statement of what the obligations against your appropriations were as of December 31, 1951, and I have one figure from the Secretary of Defense and I have two figures from you, one including reimbursements and one that does not, and an additional figure which you refer to as commitments.

Mr. HICKEY. The figure which you have quoted, Mr. Wigglesworth, is related solely to our appropriated funds.

Mr. WIGGLESWORTH. That is what I am asking for.

Mr. HICKEY. That is the figure of $102,706,050. That is related to the appropriated amount of $135,770,000.

This budget is presented in accordance with instructions, on a gross basis, so for each of these activities we show our requirements, showing not only the appropriated amounts but the reimbursable services as well. The figure that Captain Cureton gave you of $107,000,000 is a figure that included both obligations under the appropriation and from the funds received from reimbursements.

Mr. WIGGLESWORTH. Off the record.

(Discussion off the record.)

Mr. WIGGLESWORTH. When you speak of the presentation being on a gross basis, you mean that you have had some $22,000,000 worth of funds by way of reimbursement in this calendar year and some of those funds have been obligated over and above the $102,000,000?

Mr. HICKEY. Yes; we have obligated funds and we are authorized to do so for funds which we receive for services which are provided by the Medical Department. These services, for example, include hospitalization of the Army, the Air Force, the Veterans' Administration, and also include any medical supplies that we may sell, plus the reimbursements we receive for the furnishing of subsistence to the enlisted staff and the enlisted patients.

Mr. WIGGLESWORTH. You mean that all these reimbursements are in the nature of a revolving fund?

Mr. HICKEY. No, sir; they are on an annual basis. Any reimbursements that we do not obligate would revert to the Treasury.

Mr. WIGGLESWORTH. What is the authorization for their obligation?

Mr. HICKEY. We present them to the Congress in our budget here, and the obligating authority is obtained by apportionment from the Bureau of the Budget.

Mr. WIGGLESWORTH. If we include those reimbursements, you have had approximately $144,000,000 to obligate.

Mr. HICKEY. It is more than that. In this year it is $157,880,000.

Mr. WIGGLESWORTH. Against that $157,000,000 that you have received in the current fiscal year for obligation purposes, either through direct appropriations or through reimbursements, how much have you obligated as of December 31, 1951, and how much have you actually expended?

Mr. HICKEY. The amount obligated is $107,056,526. The expenditure figure is $36,864,876.

YEAR-END BALANCES

Mr. WIGGLESWORTH. Now, then, I understand that you had a carry-over as of June 30, 1952, of $48,576,104 for these activities, and that you anticipate a carry-over as of June 30, 1953, of $30,546,929

Mr. HICKEY. Yes.

LONG LEAD-TIME PROCUREMENT

Mr. WIGGLESWORTH. I note with reference to the latter a statement appears that the carry-over is necessary to pay bills for medical supplies ordered in the fiscal year 1953, which will not be delivered until fiscal year 1954, as well as to meet operating expenses incurred during fiscal year 1953, but paid in fiscal year 1954. That is the justification of that carry-over, I take it.

Captain CURETON. That refers, sir, to such things as long lead time medical supplies for which contracts are made.

Mr. WIGGLESWORTH. It does not say so. How much of the total is for items with a long lead time?

Captain CURETON. These refer to procurement contracts for medical supplies and equipment.

Mr. WIGGLESWORTH. I want to know how much of the carry-over of approximately $30,500,000 is to be used in payment of items which are long lead in character.

Mr. HICKEY. At the present time we are estimating that figure at $24,000,000.

Mr. WIGGLESWORTH. And how long is the time?

Captain CURETON. Some of those items have a procurement lead time up to 18 months, sir.

Mr. WIGGLESWORTH. How many of them?

Mr. HICKEY. We are estimating that figure for the real long lead-time items.

Mr. WIGGLESWORTH. How much of the material represented by that $24,000,000 requires a lead time in excess of 12 months?

Mr. HICKEY. Two-thirds.

Mr. WIGGLESWORTH. About $16,000,000?

Mr. HICKEY. Yes.

STATION HOSPITALS

Mr. WIGGLESWORTH. Now, you state at the bottom of page 1:

> During the fiscal year 1953 it is proposed to operate 26 naval hospitals within the continental limits of the United States. Also, provision is made for the operation of four extra continental naval hospitals, and the retention of two naval hospitals in Hawaii and Trinidad.

How does that compare with what we are operating now?

Admiral PUGH. That is what we are operating now.

Mr. WIGGLESWORTH. There is to be no change?

Admiral PUGH. No change.

MILITARY PERSONNEL

Mr. WIGGLESWORTH. Looking at page 9 of your statement where you give us a break-down of military strength in the Medical Department by corps, you show 45,922 over-all for 1953 as compared with 43,218 as of December 31, 1951, and 41,356 as of June 30, 1951.

Is that the total military personnel under your jurisdiction?

Admiral PUGH. That is the total, sir, military personnel.

Mr. WIGGLESWORTH. And all of it in the table, except the last entry, is commissioned?

Admiral PUGH. Yes; all except the last category are commissioned and warrant officer personnel.

CIVILIAN PERSONNEL

Mr. WIGGLESWORTH. What is the story as to civilian personnel? Am I correct in understanding that you want 11,439 civilian-personnel positions in 1953?

Mr. HICKEY. That is right.

Admiral PUGH. That is the total.

Mr. WIGGLESWORTH. Over all; that compares to 10,996 in 1952 and 8,593 in 1951?

Captain CURETON. That is correct.

Mr. SHEPPARD. I wonder if at this point it would not be advisable to insert into the record by budget-activity employment on June 30, 1951, the same for December 31, 1951; estimated employment for June 30, 1952 and the same for June 30, 1953; man-years for 1952 and the same for 1953, and dollar amounts for personal services for 1953, with a comparison column for the man-years.

(The material referred to is as follows:)

Personal services by budget activity

Budget activity	Employment June 30, 1951	Employment Dec. 31, 1951	Estimated employment June 30, 1952	Estimated employment June 30, 1953
1. Maintenance and operation medical-treatment facilities:				
(a) Hospitals	9,062	9,625	9,988	10,428
(b) Specialized medical facilities	49	55	74	76
2. Education and training: (a) In medical department schools	197	219	279	290
3. Medical services, supplies, and equipment at other facilities	61	88	102	102
5. Medical-supply system	10	12	12	12
8. Research and development:				
(a) Direct costs	328	350	410	389
(b) Indirect costs				
10. Departmental administration	474	464	483	502
Total	10,181	10,813	11,348	11,799
Plus fee services				
Grand total				

Budget activity	Man-years fiscal year 1952	Funds fiscal year 1952	Man-years fiscal-year 1953	Funds fiscal year 1953
1. Maintenance and operation medical-treatment facilities:				
(a) Hospitals	9,683	$29,049,000	10,102	$30,306,000
(b) Specialized medical facilities	71	234,000	74	240,000
2. Education and training: (a) In medical department schools	272	934,300	282	985,500
3. Medical services, supplies, and equipment at other facilities	93	357,900	102	401,000
5. Medical-supply system	12	39,640	12	41,000
8. Research and development:				
(a) Direct costs	260	1,117,670	246	1,076,400
(b) Indirect costs	137	391,800	131	382,100
10. Departmental administration	468	1,715,390	490	1,789,000
Total	10,996	33,839,700	11,439	35,221,000
Plus fee services		390,300		437,000
Grand total		34,230,000		35,658,000

NOTE. There are no personnel services under activity numbers 4, 6, 7, and 9.

BONNER COMMITTEE INVESTIGATIONS

Mr. SHEPPARD. I have a final question that I am going to address to you in the policy category because I think it is more advisable for it to appear here rather than later on in the hearing.

A committee of Congress frequently referred to as the Bonner committee has been making some investigations of various and sundry departments of our military functions, and as regards the medical-supply activities, I note they stated in one part of their report that too many doctors are used for medical-supply procurement work that were sorely needed elsewhere.

Admiral Pugh, in your statement you refer to the critical shortage of medical manpower. What clarifying comment do you have to make at this time with reference to the Bonner report and your own statement relative to the shortage?

NUMBER OF DOCTORS IN PROCUREMENT WORK

Admiral PUGH. My reference to the shortage, Mr. Chairman, was in the sense that we are faced with a shortage that we will have to satisfy between now and June 30. Actually, as of this date, we are not short, but we soon must replace a certain number of doctors who are on duty, and we will have to replace them by others. We will have to go to one of our reservoirs to provide replacements for those doctors. Therefore, we are faced with a shortage unless that deficiency is satisfied.

We do have in the Medical Department, doctors who are not doing professional work. We do try to keep that number to a minimum. We feel that there are certain functions that can best be performed by members of the Medical Corps. We feel, if the Medical Department of the Navy, is going to retain mastery of its own destiny, so to speak, it must be governed by members of the medical profession. It must keep a certain number of doctors in key positions.

Mr. SHEPPARD. I grant that that is true, but I am wondering—and my thinking is predicated upon the report—how many doctors do you deem it advisable to divert from their medical profession to the operation of the medical and supply procurement work?

Admiral PUGH. Captain Cureton can answer that better than I because he has been in that line of work, but that number of doctors is not very great.

Captain CURETON. I was Chief of the Armed Services Medical Procurement Agency when the Bonner subcommittee held its hearings in Brooklyn from which this figure of 70 medical officers originated. The simple fact of the matter is, the staff of the subcommittee failed to distinguish between the Medical Service Corps officers who were present and the medical officers.

At the time of that hearing there were—and this figure has been held very close right along—2 medical officers attached to the agency and the remainder of the 70 were Medical Service Corps personnel. The correction was forwarded through channels to the Bonner committee; however, it did not reach the committee until after the report was printed.

Mr. SHEPPARD. In order that we may clarify this situation, I am addressing myself specifically to the personnel who are doctors and are capable of practicing their profession, and I am asking you how many of that type of personnel are presently assigned to procurement and to your supply system.

Captain CURETON. We presently have five in the Navy. There are five medical officers in the Navy in the various phases of requirements estimates, supply management, and procurement and distribution of medical stores.

Mr. SHEPPARD. And that is all?

Captain CURETON. That is all as of today.

TRANSFER OF MEDICAL SUPPLY FUNCTIONS

Mr. SHEPPARD. Here is the next question that I will propound because of the report: The whole medical supply system in the military should be integrated, but pending that, the Navy Medical Supply System should be taken over by the Bureau of Supplies and

Accounts. That is in process of being done, as I understand it, and such transfers are suggested in this budget.

Will you explain what is taking place? In other words, is the Medical Corps getting out of the supply business, and if so, to what extent, and where will it be handled if you get out of the supply business?

Admiral PUGH. The Medical Department is not getting out of the supply business entirely. The system for providing and distributing and cataloging medical supplies and the management of inventory is being changed. Just what will be the final arrangement that comes to exist between the Bureau of Medicine and Surgery and the Bureau of Supplies and Accounts in this regard, is not yet determined. It is proposed that the Bureau of Supplies and Accounts take over our supply depots, management control of the supply depots of the Medical Department, and that the Medical Department retain technical control of our supply functions.

Now, that is about as much as I would like to say for the record.

(Discussion off the record.)

Mr. SHEPPARD. Have you had occasion within the past year to have a survey made of the operations of your supply system within the Bureau of Medicine and Surgery by persons other than your own personnel?

Admiral PUGH. Mr. Chairman, the Bureau of Medicine and Surgery has been subjected during my tenure of office as Assistant Chief of the Bureau and subsequently as Chief of the Bureau, to a number of surveys, some of which included all of the departments, supply, personnel and everything. Aside from the surveys made by a management engineer with the express view of determining how we could best integrate our supply with that of the general system of the Navy, I do not believe that the supply system, per se, has been subjected to a complete study.

Mr. SHEPPARD. Have there been surveys made by personnel other than your own personnel, meaning by that, personnel that were not within the Bureau of Medicine and Surgery?

Admiral PUGH. There has been a survey made. The survey was made by an individual who is a retired line officer who was a member of the Office of the Management Engineer of the Navy during World War II, but who has now returned to private life and who was hired as a private individual to make a survey of the Bureau of Medicine and Surgery's supply system.

Mr. SHEPPARD. He was not, and has not been, an individual connected with the Bureau of Medicine and Surgery?

Admiral PUGH. He was completely neutral insofar as the Bureau of Medicine and Surgery was concerned.

Mr. SHEPPARD. How recent was his survey? Was there a report made?

Admiral PUGH. His survey was made during last summer.

Mr. SHEPPARD. Have you a copy of the report?

Admiral PUGH. I have.

Mr. SHEPPARD. Would there be any reason why you would feel hesitant or reluctant to supply the committee with a copy of the report for the committee's scrutiny?

Admiral PUGH. The committee may certainly be supplied with a copy of that report. It is a very neatly bound report, and is, I think, a very excellent piece of work.

Mr. SHEPPARD. Please supply the committee clerk with a copy

[The copy was supplied.]

SUPPLY PROCUREMENT REQUIREMENT

Now, addressing myself to a further aspect, on page 13 of your statement reference is made to nonrecurring procurement of medical supplies. You have some $10,043,000 included for additional mobilization reserve. If the medical supply operation had been integrated in the Supply Corps, why should not medical supply items in the Corps henceforth be embraced in the stock fund and thus procured under that method?

I understood from one of your previous statements that the integration had not taken place to the extent where reflections would be evident to the degree that you could possibly answer the question at this time; is that correct?

Admiral PUGH. The integration has not. It will not become effective until the 1st of July. Certain funds essential to the operation of the Medical Department's supply needs are being budgeted for by the Bureau of Supplies and Accounts. The amount we believe we should spend for stores is still a function that lies within the sphere of responsibility of the Bureau of Medicine and Surgery.

Mr. SHEPPARD. Insofar as its becoming a part of the consideration under the so-called stock-fund operation, that would not be a practical thing to do at this time because it has not reached that status?

Admiral PUGH. That is correct, sir.

Mr. WIGGLESWORTH. I am not quite clear on this picture yet. I understand as of about a year ago that a directive had been issued to integrate the Medical Supply system with the Naval Supply system. Is that directive in being or is it not?

Admiral PUGH. That directive is in being.

Mr. WIGGLESWORTH. When does that become effective?

Admiral PUGH. The 1st of July, 1952.

Mr. WIGGLESWORTH. Is the effect of that directive taken into account in the requests that are before the committee at this time?

Captain CURETON. It is, sir.

Mr. WIGGLESWORTH. So there is a reduction in the amount being requested?

Captain CURETON. That is covered in this comparative transfer which we referred to earlier.

Mr. WIGGLESWORTH. The $3,328,000?

Captain CURETON. That is correct, sir. In other words, the Bureau of Supplies and Accounts under the existing directive on July 1 will take over financial support of the operations of the medical supply storage and distribution system, including the civilian employees within that system, and that is the cost that is represented by that.

Mr. WIGGLESWORTH. If I understand the situation, this organization has simply reduced its request by $3,328,000 and the Navy Supply System has requested that identical sum; is that right?

Captain CURETON. I am not able to speak for the Navy Supply System budget.

Mr. WIGGLESWORTH. How about it, Admiral Clexton?

Admiral CLEXTON. I believe it is exactly the same sum.

Mr. WIGGLESWORTH. In other words, there is no over-all saving presented to this committee at all as a result of this directive?

Admiral CLEXTON. That is correct.

Admiral PUGH. I think that is correct, sir. I think yesterday afternoon Admiral Royar included in part of his testimony a figure identical with ours.

Mr. WIGGLESWORTH. I remember the testimony a year ago by Admiral Fox to the effect that very substantial savings would be realized if this change were put into effect. Now the change has been made and we are asked for the same amount of money.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

COMPARATIVE FINANCIAL DATA

Mr. SHEPPARD. We will insert in the record at this point pages 18–2 and 18–3 of the justifications.

(The documents are as follows:)

APPROPRIATION INTRODUCTION

In fiscal year 1953 the estimated appropriation requirement for medical care, Navy is $116,500,000. Comparative financial data for fiscal years 1951, 1952 and 1953 by gross obligating authority and net appropriation requirements are set forth in the following table:

	Fiscal year 1951	Fiscal year 1952	Fiscal year 1953
Gross obligation authority	$146,496,979	$154,359,354	$138,695,000
Reimbursements	20,761,437	22,027,000	22,195,000
Appropriation requirement	125,735,542	132,332,354	116,500,000

The following significant items were among those used in the development of this estimate:

(1) Maintenance and operation of 1 medical center, 29 hospitals in full operating status and 2 in maintenance status; 10 Medical Department schools; 6 medical research facilities; 2 naval dispensaries, and 6 dental clinics.
(2) Operation of medical treatment facilities aboard ships and at shore stations.
(3) Total average occupied beds in naval hospitals, 22,500.
(4) Veterans' Administration patients in naval hospitals, 470.
(5) Army patients in naval hospitals, 446.
(6) Air Force patients in naval hospitals, 300.
(7) Navy patients in non-naval hospitals, 980.
(8) An interdepartmental hospitalization rate of $14.25.
(9) An interservice hospitalization rate of $7.50.
(10) An estimated ration rate of $1.18.
(11) Estimated deaths, 2,493.
(12) Repatriation of 362 Korean deaths and 17 World War II dead.
(13) A student load in Medical Department schools of 6,000.

An increase of 1,450 average daily occupied beds is anticipated in fiscal year 1953 due to the increased strength of the Navy. Funds for care and treatment of the increased patient load are included in this estimate.

Maintenance and Operation of Medical Treatment Facilities

Mr. Sheppard. We will pick up "Budget activity No. 1," under the appropriation "Medical care, Navy," for "Maintenance and operation of medical treatment facilities."

I find that your estimate here for 1953 is $60,662,000 as compared with your estimate for 1952 of $51,815,354.

This total is comprised of two subdivisions, 1A and 1B, under the titles of "Medical care in naval hospitals" and "Specialized medical facilities."

UNEXPENDED BALANCE

Admiral Pugh. As to activity 1, the obligated and committed balance as of December 31, 1951, was $71,233,064 and the unexpended balance as of the same date was $47,483,050.

MEDICAL CARE IN NAVAL HOSPITALS

Mr. Sheppard. We will pick up the first item, 1A, "Medical care in naval hospitals" where I find your estimate for 1953 is $59,078,000 as against your estimate for 1952 of $50,317,354.

Admiral, will you present the justifications for your item 1A, please.

Admiral Pugh. This project provides for medical care in naval hospitals for active-duty naval and Marine Corps personnel and other persons authorized by law to receive such care.

In fiscal year 1953 the locations of the hospitals planned will be as follows:

CONTINENTAL

Chelsea, Mass.
Newport, R. I.
Portsmouth, N. H.
St. Albans, Long Island, N. Y.
Philadelphia, Pa.
Annapolis, Md.
Bethesda, Md.
Quantico, Va.
Bainbridge, Md.
Portsmouth, Va.
Beaufort, S. C.
Camp Lejeune, N. C.
Charleston, S. C.
Jacksonville, Fla.
Key West, Fla.
Memphis, Tenn.
Pensacola, Fla.
Corpus Christi, Tex.
Great Lakes, Ill.
Corona, Calif.
Oceanside, Calif.
San Diego, Calif.
Mare Island, Calif.
Oakland, Calif.
Bremerton, Wash.

EXTRACONTINENTAL

Coco Solo, C. Z.
Guam, M. I.
Guantanamo Bay, Cuba
Yokosuka, Japan

MAINTENANCE STATUS

Aiea, T. H.
Trinidad, British West Indies

The hospitals required are for the purpose of providing hospital care for the following average strengths of the Navy:

	1951	1952	1953
Active duty:			
Navy	561,204	783,600	825,000
Marine Corps	153,267	217,300	237,340
Reserves	8,562	9,800	13,361
Other [1]	5,756	6,000	8,099
Total strength	728,789	1,016,700	1,083,800

[1] Includes midshipmen, aviation cadets, NROTC and ROC.

PATIENT LOAD

The estimated patient load for fiscal year 1953 is based upon an average hospitalization rate of 1.70 percent of active-duty personnel, which together with provisions for casualty carry-overs from fiscal year 1952, dependents, Veterans' Administration beneficiaries, Army and Air Force personnel and other supernumerary patients, totals 22,500 average occupied beds. A summary of occupied beds by category follows:

Category	Actual, 1951	Estimated, 1952	Estimated, 1953
Active-duty Navy and Marine Corps patients	13,381	16,340	18,425
Casualty patients		1,200	980
Total Navy patients	13,381	17,540	19,405
Less: Navy patients in nonnaval hospitals	−760	−1,060	−1,001
Total Navy patients in naval hospitals	12,621	16,480	18,404
Add: Supplementary patients:			
Army	1,534	730	446
Air Force	205	300	300
Dependents	1,350	1,870	1,980
Veterans	1,084	770	470
Retired	558	600	600
Others	257	300	300
Total supernumeraries	4,988	4,570	4,096
Total patients in naval hospitals	17,609	21,050	22,500

SUPERNUMERARY PATIENTS

The numbers of Army, Air Force, and Veterans' Administration patients in 1952 and 1953 are based on estimates furnished by those agencies. Estimates of dependents to be hospitalized in 1952 and 1953 are based on past experience as applied to the average strength of the Navy and modified by the limitations of available facilities. Retired personnel expected to be hospitalized in 1952 and 1953 reflect recent hospitalization rates as applied to the anticipated total numbers of these personnel.

NUMBER OF PATIENTS

Mr. SHEPPARD. Your statement indicates the active-duty Navy and Marine Corps patients. For 1952 it is 16,340, and your estimate for 1953 is 18,425.

Admiral PUGH. Yes, sir.

Mr. SHEPPARD. The casualty patients in 1952 are 1,200, and are estimated for 1953 at 980.

That makes a total figure of 17,540 estimated for 1952, and 19,405 estimated in 1953.

However, you show there a deduction for Navy patients in nonnaval hospitals for 1952 of 1,060, which leaves the total Navy patients in naval hospitals for 1952 at 16,480. Is that correct?

Admiral PUGH. That is correct, sir.

Mr. SHEPPARD. Using the same method, your total estimated Navy patients in naval hospitals for 1953 are 18,404.

Admiral PUGH. That is correct, sir.

BED CAPACITY

Mr. SHEPPARD. With reference to the bed capacity involved in this breakdown, I refer now to chart I, titled "Requirements." I find that in 1952 your total was 21,050, and the estimated figure for 1953, covering the three classifications, is a total of 22,500.

It would appear from those figures in considering your patientload that you are carrying an overestimate in your bed allocations in 1952 as against the occupancy. Is that a logical conclusion to draw from those figures?

Captain CURETON. The 1952 and 1953 total patients in naval hospitals applicable to the operating beds contemplates an 80-percent occupancy over-all. The Navy patients in naval hospitals, and supernumeraries in naval hospitals, constitute the occupancy. We plan on 20 percent as an over-all bed capacity not occupied every day through the year, sir.

Mr. SHEPPARD. In other words, your figures show total available beds?

Captain CURETON. That is correct, sir.

Mr. SHEPPARD. Then you follow that with information on patient-load; to wit, the Navy patients in 1952. That is 16,480. The other patients in 1952 were 4,570.

Captain CURETON. Yes, sir.

Mr. SHEPPARD. So, you have a total of 21,050 actual patients.

Captain CURETON. Yes, sir; 21,050.

Mr. SHEPPARD. And you reflect operating beds at the top as 26,312.

Captain CURETON. Yes, sir.

Mr. SHEPPARD. What will you do with the difference between the total patientload, 21,050, and the total beds of 26,312?

Captain CURETON. We contemplate that one-fifth of the beds will be available for fluctuating patientloads.

Mr. SHEPPARD. Stand-by?

Captain CURETON. Yes, sir. This 21,050 is the average number of beds we will have for every day during the year. Obviously, during the heavy months we will be full up to the 26,000 level. As a matter of fact, some hospitals will be above the planned operating capacity, which the commanding officer can take care of.

In the over-all average for the entire Navy for the entire year we allow that 20 percent as a factor to cover the ups and downs of the patientload through the year.

Mr. SHEPPARD. In other words, you have in your estimate for 1953 a total of 5,625 beds in an emergency requirement stand-by position?

Admiral PUGH. That is correct, sir.

Mr. HICKEY. There is one further factor, Mr. Chairman. It is extremely difficult to achieve a 100-percent occupancy at all times because of the different types of cases requiring segregation.

AVAILABILITY OF BEDS FOR USE BY VETERANS' ADMINISTRATION

Mr. SHEPPARD. Frankly, what I was seeking out here by inquiring into this differential is what could we do in making beds available for the Veterans' Administration, which has a surplus load requirement in the major portions of the country? In other words, we find here that we do apparently have excess beds.

Mr. HICKEY. Yes, sir.

Mr. SHEPPARD. I know that you cannot control the intake and literally the output of patientloads. It is obvious that you must have a stand-by ability to absorb an abnormal load. The degree to which you have reached your percentage is undoubtedly based upon a yardstick of your past experience.

Captain CURETON. We feel that this 80-percent occupancy which we have calculated is necessary to meet military contingencies.

Mr. SHEPPARD. Taking into consideration the total amount of operating beds you have, do you contemplate bringing any more operating beds into the status of availability under your projected appropriations for 1953?

Captain CURETON. The number of available beds we plan for in 1953 will be not quite 2,000 more than we have in 1952.

Mr. SHEPPARD. Gentlemen, how many additional beds, if any, over the 28,125 which are projected in your appropriations for 1953, do you anticipate bringing into operational status?

Admiral PUGH. None.

Mr. SHEPPARD. Very well. That will be your total availability as it is now projected for 1953?

Admiral PUGH. Yes, sir.

Mr. SHEPPARD. All right. Out of the amount in stand-by status—to wit, 20 percent—how many, if any, would you feel justified in adjudicating for contractual use of the Veterans' Administration?

Admiral PUGH. If we maintain our 20-percent margin, Mr. Chairman, we should not make any of those beds available for the Veterans' Administration. If we do, we are not protecting our interests as we should.

Mr. SHEPPARD. If you reach into that inventory of 20 percent you will then have encroached upon the potential of the military obligation to its own.

Admiral PUGH. That is right, sir.

Mr. SHEPPARD. So, in reality in the amount of funds we have heretofore referred to you would not have any beds available for the Veterans' Administration over and above what would fall within the category of "Other patients"?

Admiral PUGH. That is right, sir.

Mr. SHEPPARD. Reflected as being 4,096.

Captain CURETON. That is correct, sir.

Mr. HICKEY. Of that 4,096 there are 470 for the VA.

Mr. SHEPPARD. What are you doing with the rest of them?

Mr. HICKEY. They are shown on page 18–9, broken down by category.

Admiral PUGH. 446 for the Army, 300 for the Air Force, 1,980 for dependents, 470 for veterans, 600 for retired personnel, and 300 others. By "others" we mean members of the Coast Guard and the Public Health Service and the Coast and Geodetic Survey and the Maritime Service and the merchant marine.

SUPERNUMERARY PATIENTS ON A REIMBURSABLE BASIS

Mr. SHEPPARD. Wherein they do not have hospitalization available for themselves and you accept them from those services?

Admiral PUGH. Yes, sir.

Mr. SHEPPARD. Out of the supernumerary patients, to whom you have referred here, to wit, the Army, Air Force, dependents, veterans, retired, and others, which of those are in a reimbursable status? I mean reimbursable to the Navy.

Admiral PUGH. They are all reimbursable.

Mr. HICKEY. All are reimbursable. For example, for the retired personnel we are reimbursed for subsistence only.

Mr. SHEPPARD. Does that mean all the others are fully reimbursable?

Mr. HICKEY. The Army and the Air Force reimburse on an interservice rate of $7.50 per day. Dependents reimburse at a rate of $1.75 per day.

Mr. SHEPPARD. When you say "dependents" do you include dependents of the Army and the Air Force in that category, or is this specifically the dependents of Navy personnel?

Captain CURETON. That is all dependents of any service.

Mr. SHEPPARD. Any dependents?

Captain CURETON. Any dependents of military personnel.

Mr. HICKEY. Veterans' Administration patients and others will reimburse us in 1953 at the interdepartmental rate of $14.25 per day.

YEAR-END STATUS OF FUNDS

Mr. SHEPPARD. Taking into consideration the hospitalization that that the Navy is furnishing to the other services, as shown on page 18–9 of your justifications, what is indicated in your bookkeeping system as to now you would come out at the end of the year with relation to the appropriations which are given to you by the Congress? Do you lose money, do you break even, or do you make money?

Mr. HICKEY. We actually make a little money, and it helps to decrease the "Medical" appropriation requirement that we have to ask for from this committee. Our cost per patient-day in fiscal year 1951 was $11.04 a day, including the military pay. At the interdepartmental rate of $14.25 the additional money over our cost acquired from reimbursements reduces our appropriation requirement.

PATIENT-DAY RATES

Mr. SHEPPARD. I notice reflected on page 18–3 of your justifications, under subtitles 8 and 9, an interdepartmental hospitalization rate of $14.25 and an interservice hospitalization rate of $7.50. Would you define why there is a difference between those two figures and what specific type of service might be involved as defined under the interdepartmental and the interservice rates?

Captain CURETON. The difference, sir, is essentially that the interdepartmental rate is established by the Bureau of the Budget and is intended to include military pay and all other costs. The interservice rate is that rate charged among the three military services for hospitalization of military personnel, and that rate is established by the Secretary of Defense and is intended to exclude military pay on an average basis as to costs among the three services.

Mr. SHEPPARD. Then if it should be found expedient for Navy personnel to enter an Army hospital they would enter upon the premise of $7.50 a day as a charge?

Captain CURETON. That is correct, sir.

Mr. SHEPPARD. It is a uniform application, and not specific?

Captain CURETON. That is correct.

AVERAGE HOSPITALIZATION RATE FACTOR

Mr. SHEPPARD. There is another item reflected on page 18–8 of your justifications for which I would like to have an explanation.

In this instance you refer to an average hospitalization rate of 1.70 percent for active-duty personnel. What was your experience in this category in 1951 and in 1952? That is a percentage exclusive of combat causes.

Captain CURETON. In fiscal year 1951, exclusive of casualties the rate was 1.838 percent. In 1952 it was 1.607 percent; and in 1953 we anticipate 1.7 percent.

RATION RATES

Mr. SHEPPARD. With reference to page 18–3 of your justifications, I note daily ration rate of $1.18. The "Bureau of Naval Personnel" appropriation shows $1.22 for hospital mess rates in computing the subsistence requirement for personnel. What would be the reason for the difference in those figures?

Captain CURETON. The rate of $1.18 is the rate that we were allowed by the Bureau of the Budget on their review.

Mr. SHEPPARD. What I am trying to get at, if you can tell me, is why the Bureau of Personnel would reflect $1.22. I assume that both are cleared through the Bureau of the Budget, and yet we find $1.18 in one instance, and $1.22 in the other.

(Discussion off the record.)

Captain CURETON. The answer, I think, can be on the record; to the effect that $1.18 was what we were allowed to request by the Bureau of the Budget review.

Mr. SHEPPARD. Very well.

Admiral CLEXTON. As an indicated reimbursement.

Captain CURETON. As an indicated reimbursement from the Bureau of Naval Personnel and the Marine Corps.

Mr. SHEPPARD. My next question is this: Can you give adequate food under present-day costs to the patients in your hospitals at $1.18, and give them the same type of food that you have in the past?

Admiral PUGH. We are presently spending more than $1.18.

Mr. SHEPPARD. What is your present cost for mess for patients in hospitals?

Captain CURETON. For the first 6 months of this year it is $1.186. That is accomplished by attempting to live within a $1.17 rate which we were allowed in fiscal 1952.

Mr. SHEPPARD. Then those figures reflect a deficiency in that type of expenditure under your budget?

Captain CURETON. That is correct.

Mr. SHEPPARD. Have you any reason to assume that the commodities which you have to procure for hospital messes will be decreased to the extent where they will fall within the range of $1.18 at this time?

Captain CURETON. We have not, sir.

Mr. SHEPPARD. Have you had occasion to bill other services for a rate in excess of $1.18 in the 6 months to which you referred?

Mr. HICKEY. We have been allowed under authorization from the Secretary of the Navy for a part of this period to bill for $1.20 for rations.

Mr. SHEPPARD. Have you been able to live within that figure, and not have a deficiency?

Captain CURETON. Within the $1.20; yes, sir.

Mr. HICKEY. Yes, sir. We believe we can live within $1.20.

Mr. SHEPPARD. If there were to be deductions within the mess requirements for the people in our military forces, and they came to view it apparently from that aspect, the two factors I would be interested in seeing provide adequate food would, of course, be your hospitals and your military operation forces in combat.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

PER DIEM COSTS FOR HOSPITALS

Mr. SHEPPARD. With reference to the subject matter appearing at the bottom of page 18–11 of your justifications, I note the per diem rate of $9.60 appearing as one item. What does that actually represent, please?

Admiral PUGH. That represents the total cost of hospitalization minus military pay per patient per day.

Mr. SHEPPARD. How does that relate, if at all, to the $7.50 rate mentioned earlier?

Mr. HICKEY. The $7.50 rate is a rate which was established by the Secretary of Defense approximately 2 years ago. It has not been adjusted at any time since then. At that time it was less than the figure that it cost for hospitalization exclusive of military pay.

Captain CURETON. We very nearly break even on that point by reason of the approximately equal numbers of patients that we hospitalize for them and that they hospitalize for us.

HOSPITAL-PERSONNEL SHORTAGE

Mr. SHEPPARD. What specific difficulties, if any, are you encountering in medical care in naval hospitals that are now apparent in your justifications, if any?

Captain CURETON. We have some difficulty in recruiting certain types of technical personnel. For example, we are having some difficulty in getting the required numbers of food-service workers, dietitians, occupational therapists, physiotherapists, and psychiatric social workers. We have some difficulty in getting sufficient numbers of these.

Mr. SHEPPARD. Is that deficiency due to the lack of personnel available in the field of functions that you have referred to, or the field of professions?

Captain CURETON. That is primarily it; yes, sir.

Mr. SHEPPARD. Or does it have to do with the financial returns that are possible under this budget, or is it a combination of both?

Captain CURETON. It is a combination of both, but it is primarily a matter of those professions being in short supply.

We also have some difficulty in keeping our maintenance up to the proper level at the rate which we are allowed for that purpose. We have, for 1953, an estimate of $2.60 per patient day for our maintenance operation. That is somewhat low. We actually spent $2.84 per patient day in 1951.

PERSONNEL SERVICES REQUIREMENTS

Mr. SHEPPARD. I see reflected on page 18–12 in your personal services category that you reflect in 1952 a request for $29,049,000, and in 1953 you reflect a request for $30,306,000, which is an increase in that particular requirement.

Would you address yourselves to the reasons for the increase involved, gentlemen?

Captain CURETON. Again, that is reflected in the increase in patient load, primarily.

Mr. SHEPPARD. What classes of personnel would be involved in the services that would be necessary to take care of personnel?

Captain CURETON. It will be in the supporting employees of the hospital, extending all of the way from registered nurses down through ward attendants.

Mr. HICKEY. It also includes commissary personnel, laundry personnel, and all other personnel concerned with the maintenance of the buildings and grounds.

Mr. SHEPPARD. Is this a universal situation which is spread throughout the Navy's hospitals as a whole?

Mr. HICKEY. Yes; primarily. The professional personnel are military personnel.

Captain CURETON. It should be noted, sir, that in this increase there is included a full year of operation of the two hospitals that have operated a portion of the fiscal year 1952, so that the basic requirements of those two hospitals represent a fair share of this increase, namely the hospitals at Corona, Calif., and Bainbridge, Md.

SUBSISTENCE REQUIREMENTS

Mr. SHEPPARD. I notice reflected on page 18–13, still under project 1–A that you carry subsistence, and again there is reflected your Navy requirement of $7,275,451; Army, $176,157; Air Force, $123,180; and dependents of military personnel $852,786; and this again reflects a differential in the ration rates, because we find here that for tubercular patients a special ration rate of $1.36 has been authorized to provide additional nutritional requirements for these patients, and in accordance with regulations proposed by the Secretary of Defense, a charge of $1.75 per ration will be established to cover both raw food and preparation and serving costs, in those cases where meals are sold by hospital messes to officer and civilian personnel of the hospital staff.

TUBERCULAR PATIENT RATIONS

Apparently, then, this particular special ration does not fall within the category you have heretofore referred to as $1.18.

Mr. HICKEY. No, sir; this is a ration limited to tubercular patients and represents a 15-percent increase over the basic ration.

Mr. SHEPPARD. Insofar as the tubercular patient is concerned the rate of his ration here should not, I presume, be in the same category from a critical point of view as that of the $1.18 we have referred to because of this special allowance; is that correct?

Captain CURETON. That is correct.

Mr. HICKEY. Normally the tubercular patient receives a 15 percent higher ration than the basic rate, so any change in the basic rate

would result in a rate which is 15 percent higher for tubercular patients.

Mr. SHEPPARD. I notice there is another rate reflected here, and I quote from your justification:

> Those civilian personnel employed as food handlers, subject to mandatory payroll checkage for at least one meal per day as provided by Executive order, will be charged at the rate of $1.60 per ration, which represents the annual rate for subsistence compiled on the basis of the aggregate cost of three meals per day for 11 months, prorated over pay periods for the entire 12 months of the year.

Mr. HICKEY. This represents the $1.75 rate, but they are charged on a 12-month basis, so that even when on leave or otherwise absent the checkage goes on, even though the meals are not being served to them, and it is $1.60 throughout the 12 months of the year.

Mr. SHEPPARD. Well, can you live within and provide food within the established rates which are reflected in this budget?

Mr. HICKEY. Other than the $1.18 rate, sir, which we believe will be quite stringent.

STOCK LEVEL OF MEDICAL STORES

Mr. SHEPPARD. Now, with reference to the material that is reflected under project 1–A on page 18–15, "Medical stores," you refer to a stock level policy, and I would like to ask you what is the general condition of your stock level at this time? What is your general stock level and your general stock on hand? Do you consider it is in a status of being adequate or not?

Admiral PUGH. We formerly, Mr. Chairman, had a stock level which was twice as much as that we now have. This 3-month supply on hand used to be 6 months. The reason for this, again, is that the same formula has been applied to the Navy as for the other services, that is, the Army and the Air Force. It sounds as if it may be a very logical type of reasoning, but actually the Navy functions differently from the Army and the Air Force, and we do believe that this is not an adequate stock level.

Once in Korea since the outbreak of hostilities the supply has been short, and if it had not been for the Navy's having an adequate supply, a supply in excess of what is now allowed us, we would have been in an embarrassing position.

We think that our old formula, which was one that had been adopted and had come about by reason of years of experience, was a better policy than that which we are now being forced to live under.

EFFECT OF LEAD TIME ON STOCK SUPPLY

Mr. SHEPPARD. What effect does the lead time have on your 3-month stock, or does your 3-month stock have on your lead-time procurement?

Captain CURETON. The procurement lead time is primarily absorbed by the depot stock levels. In fact, all of our continental activities can pretty well approach absorbing the transportation lead time between the supply depot and the hospital under this.

We would like to have had an allowance of about 45 days for pipeline between the medical-supply system and our using activities.

We find it a little bit difficult and feel we are not as well protected as we should be by reason of this 3-month limitation on how much we

can have. We feel that we would be very much better protected against eventualities or sudden difficulties if we had a 45-day pipeline allowance at this point.

NEED FOR STOCKPILING AND WAREHOUSING

Mr. SHEPPARD. Now, with reference to your stock level, what approach has been made to you gentlemen with reference to stockpiling, in geographical areas, wherein the civilian population would be obviously subjected to serious interference in case of conflict? Has there been any approach or any discussion upon the part of those who handle our policy destiny wherein you have been requested, hypothetically, to increase your inventories of medicines, bandages, and various and sundry other things that go into your operation at points external from congested areas under emergency operations?

Captain CURETON. There has been no specific approach to that yet. A joint service study is shaping up. We have advanced that as a suggestion, as one of the reasons why we would like to keep on hand in all of these field activities a little more supply of stock than at present is permitted.

Mr. SHEPPARD. What I am getting at is this: as an example, it is commonly considered by those who have interested themselves in the problem that it is not too far-fetched to assume that we might have to depopulate, or evacuate the population of the city of Los Angeles in case of an attack.

It would occur to me as being somewhat obvious that if a situation of that kind prevailed that you could not house all of your people involved in the required hospitalization within the confines of the city of Los Angeles, even though it were reasonably well equipped with hospital facilities.

It is also perhaps quite likely that if you evacuated a population of that magnitude it would be a most difficult situation to try to bring supplies out of that area through that population evacuation and get them into advance hospitals in the general direction in which the population is being evacuated. With that problem, it would occur to me to be somewhat plausible if the storage of medical requirements would be placed within the areas, that it would avoid, at least, the intake of that exaggerated bottleneck operation. Is that not logical thinking?

Captain CURETON. I think it is very logical.

Mr. SHEPPARD. In other words, I could see where Corona would be a very logical place, as against any particular warehousing within the confines of Los Angeles as such. I can see also where that it would be a possibility of a lesser character in the San Diego area, all depending upon whether or not evacuation becomes necessary from there.

Admiral PUGH. Yes.

Mr. SHEPPARD. And due to the fact that there is not an apparent effort at this time, so far as I know, being made to stockpile requirements in civilian hospitals, it would look to me as if we are going to have a rather difficult situation develop if something is not done in the stockpiling or warehousing of additional requirements.

I admit that this is breaching the actual military and going into the civilian, but, nevertheless, we have a constant demand for military requirements.

Admiral PUGH. Yes, sir.

Mr. SHEPPARD. So, if we were to create a surplus within that area we would be more able to normally absorb that excess in time of conflict than we could by perhaps putting those stores into so-called private inventories. In other words, we would remain in control of them.

Admiral PUGH. Yes, sir; and in line with your reasoning, sir, the idea of keeping a 6-month supply of stock on hand in our hospitals rather than a 3-month supply we feel will provide in itself good protection against a shortage of stores in case of any type of disaster, such as an ordinary fire that might destroy a lot of our stores in a common storage area. Such would be obviated by this type of dispersal.

OTHER MAINTENANCE AND OPERATION

Mr. SHEPPARD. I notice further reflected, on page 18–15 of your justification, "Other maintenance and operation." Would you address yourself to that aspect of your presentation?

Admiral PUGH. Requirements for all other categories of expense are represented in this estimate, including travel of personnel, transportation of things, communications requirements, utility services, printing and reproduction, contractual services, supplies, equipment, and taxes and assessments—governmental contributions to the social-security fund under the provisions of Public Law 734, Eighty-first Congress.

Mr. SHEPPARD. This particular object is reflected in the breakdown by object of expenditure on page 18–16 of your justification, is it not?

Captain CURETON. That is set forth as a specific item on page 18–11. It comes to $21,353,000. That is the total for all hospitals, calculated on the basis of $2.60 a day.

Mr. SHEPPARD. But the breakdown is reflected on page 18–16, is it not?

Captain CURETON. Yes, sir; that is correct.

PERSONNEL OBLIGATIONS

Mr. SHEPPARD. In your personal services reflected here that takes in a total of how many individuals? Your estimate for 1953 is what I am addressing myself to now.

This computation is direct and reimbursable obligations.

Mr. HICKEY. A total number in naval hospitals of 10,102 man-years is provided for in 1953.

TRAVEL

Mr. SHEPPARD. Now, with reference to the next item, travel, you have reflected an estimate of $89,000 for 1953, and I presume that has been compiled upon the percentage yardstick of your past experience reflected in 1952, is that correct?

Mr. HICKEY. That is correct, yes, sir.

Mr. SHEPPARD. The increase between your 1952 estimate, $83,000, and your 1953 estimate, $89,000 is reflected as an increase of $6,000 and is evidenced by what increased requirement?

Captain CURETON. The increase in patient load. This, again, is basically calculated on a cost per patient day.

Mr. SHEPPARD. I note that you reflect your estimate for transportation of things in the amount of $31,700 for 1953. That is an increase of $1,700 against your estimate for 1952 of $30,000.

Captain CURETON. Yes, sir.

Mr. SHEPPARD. Does the same explanation pertain in that instance as given for the previous one?

Captain CURETON. Yes, sir; it does.

Mr. HICKEY. It applies to all of these objects. The objects reflect the increase in the patient load estimates.

OTHER CONTRACTUAL SERVICES

Mr. SHEPPARD. Will you define other contractual services? That is reflected as being $9,272,300 in your 1953 estimate.

Mr. HICKEY. Other contractual services primarily includes the requirements for maintenance and repair which are accomplished by private contract or other naval activities, such as painting, or any kind of repair work which is carried on by private contractors.

Mr. SHEPPARD. And who performs those contractual services for your Bureau?

Mr. HICKEY. For major repairs, the determination as to which contractor shall perform the service is determined under the Bureau of Yards and Docks.

JURISDICTION OF MAINTENANCE AND REPAIR WORK

Mr. SHEPPARD. And in supplying your requirements to the Bureau of Yards and Docks, where does jurisdiction over your appropriation request begin, and where does it stop?

Captain CURETON. Basically, the request for the performance of a certain piece of work is prepared by the commanding officer of the installation concerned. He attends to that and causes estimates to be prepared by the district public works officer and sends them in to the Bureau. The Bureau screens the justification and the estimated cost and compares that with the availability of funds and the urgency of other requests coming in from other activities and determines then on that basis which of the projects will be authorized. The authorization and the scope of the work to be accomplished is sent to the Bureau of Yards and Docks, together with the citation of funds which are to be used on the contract, and they negotiate the contract and supervise the engineering features of the work.

Mr. SHEPPARD. In other words, the method that they utilize in accomplishing construction, in accordance with your requirements, is left to their jurisdiction as to whether or not they enter into a negotiated transaction or enter into an advertised low bid transaction?

Captain CURETON. That is correct, sir.

Mr. SHEPPARD. And that does not fall within the purview of your jurisdiction?

Captain CURETON. That is correct.

REIMBURSEMENTS

Mr. SHEPPARD. I notice that on the bottom line you reflect "Less reimbursements for 1953," and that is anticipated as being $19,751,000, and that you have deducted that from the accumulation of your

expenditures, and it reflects the first figure referred to in your budget as being $59,078,000.

Captain CURETON. That is correct.

Mr. SHEPPARD. So, you have taken into consideration all of the potentials that will reflect a decrease in your budget figure to which I have just referred, is that correct?

Captain CURETON. That is correct.

CONFLICTING RATION RATE ALLOWANCES

Mr. WIGGLESWORTH. Coming back to the ration rate, $1.18 represents the ceiling fixed for you by the Bureau of the Budget. Do I understand that the Bureau of Naval Personnel receives $1.22 for each of those rations?

Admiral CLEXTON. That is correct if the budget request is allowed.

Mr. WIGGLESWORTH. I notice that you anticipate 22,500 patients in the fiscal year 1953. If you multiply that by the difference of 4 cents it would seem to give about $900 a day, or something like $270,000 a year, which the Bureau of Personnel is receiving over and above what it is called to pay under this ceiling, is that correct?

Captain CURETON. That would appear to be correct.

Admiral CLEXTON. $1.22 is the amount which the hospital ration is estimated to cost by the Bureau of the Budget. For that reason $1.22 was placed in the "Military personnel, Navy" and "Military personnel, Marine Corps" appropriations. It is a direct appropriation to those two appropriations in order to reimburse the service that cares for their patients.

Now, $1.18 is the estimated reimbursement, and if the cost of food goes up to $1.22 we will probably have to pay $1.22. That is the difference between the $1.22 in the Bureau of Personnel estimate under "Military personnel, Navy" and the $1.18 in the Bureau of Medicine and Surgery estimate for "Medical care." One is an appropriation, and the other is an estimated reimbursement.

Mr. WIGGLESWORTH. And if the ceiling prevails my previous statement would hold, would it not?

Mr. HICKEY. No, sir. In fact, it would only be applicable to Navy patients. The 22,500 includes supernumerary patients, that is, all patients other than active duty Navy and Marine Corps personnel. The number of Navy patients involved as shown on page 18–9 is 18,404. Within that total of 18,404 the reimbursement for subsistence would only apply to enlisted patients.

Mr. WIGGLESWORTH. How many are they?

Mr. HICKEY. Records show that enlisted personnel approximate 95 percent. Thus, enlisted personnel represent approximately 17,500 of the total active duty patient load of 18,404. At $0.04 per ration—the difference between $1.18 and $1.22—this amounts to $700 per day, or $255,500 for the year.

Captain CURETON. I might add, sir, that come time for reapportionment, if we were able to convince the representatives of the Bureau of the Budget that it actually was costing us more than $1.18 they might allow us that. I do not know.

Mr. WIGGLESWORTH. That is an "if"?

Captain CURETON. That is an "if"; yes, sir.

Admiral SOLOMON. Off the record.

(Discussion off the record.)

INVENTORY REDUCTION

Mr. WIGGLESWORTH. Now, you are asking over-all for this item $57,078,000, as compared with $50,317,354 for 1952, or practically a 20-percent increase, whereas your number of beds to be occupied appears to increase about 7 percent, and your patient load about 5 percent. That is correct, is it not?

Mr. HICKEY. Turning back to page 18–11, if you will, please, you will see in 1952 we used inventory of medical stores in the amount of $4,300,000 in hospitals which are not reflected in obligations for 1952. Our total requirements in 1952 were $74,733,000, as compared with $78,829,000 for 1953.

Mr. WIGGLESWORTH. You used $4,000,000 worth of inventory.

Mr. HICKEY. We used $4,300,000. We had a total requirement in 1952 of $11,647,000 for medical stores. Our actual obligations were $7,319,000, so that the difference of $4,300,000 came from inventory.

Mr. WIGGLESWORTH. You have no inventory that can be used in the fiscal year 1953?

Mr. HICKEY. We believe our inventory under the existing limitations is such that it is going to be quite difficult to reduce it at the present time.

Mr. WIGGLESWORTH. You assure this committee you will not use any inventory in the fiscal year 1953?

Mr. HICKEY. No, sir; it is impossible.

Captain CURETON. Those inventories utilized in 1952 represent that cut from a 6 months' stock level down to 3 months.

Mr. WIGGLESWORTH. So that, in reality, you are asking for about a 10-percent increase in this year as compared with about a 5-percent increase in patient load?

Mr. HICKEY. In gross requirements we are going from $74,000,000 to $78,000,000.

Mr. WIGGLESWORTH. Yes, but you are getting reimbursements. The reimbursements are substantially the same in the 2 years. You take the $59,000,000 figure and compare it with the $54,000,000, and it is about a 10-percent increase.

Mr. HICKEY. Actually, sir, the difference is made up by the inventory difference, is it not?

Mr. WIGGLESWORTH. I notice that you have a $5,600,000 increase in your item for supplies and materials, and you have a $1,000,000 increase, roughly, in your item for equipment, and a $600,000 increase in your item for other contractual services, whatever those are.

Mr. HICKEY. On a per patient day basis we are actually dropping 10 cents from 1952 to 1953. In 1953 our estimated costs were $9.70 per patient day, and we are budgeting it at $9.60 per patient day in 1953.

Mr. WIGGLESWORTH. That is because you do not take those items I have just referred to into account, is it not?

Mr. HICKEY. This is simply another classification of our requirements that are shown in the object breakdown and the requirements shown in the rate per patient day. The difficulty is that the object classification does not show in 1952 the inventory we have utilized.

Mr. WIGGLESWORTH. Well, I added the $4,300,000 to the $50,317,000, which gives a total of $54,600,000 roughly, as compared with the $59,000,000 that you are asking now.

NUMBER OF PERSONNEL

How much civilian personnel do you have in this activity?

Mr. HICKEY. Ten thousand one hundred and two, sir.

Mr. WIGGLESWORTH. Compared to 9,683 in the present year, and 7,500 in 1951.

Is there military personnel at these hospitals in addition to this civilian personnel?

Mr. HICKEY. Yes, sir.

In 1952 our average total staff ratio at naval hospitals, both military and civilian, was 115 per 100 patients. That included 69 military personnel and 46 civilian personnel.

Mr. WIGGLESWORTH. One hundred and fifteen per what?

Mr. HICKEY. Per 100 patients, 69 military and 46 civilian personnel.

In 1953, as this budget is presented, a total staff ratio of 114 is contemplated, 69 military and 45 civilian.

Mr. WIGGLESWORTH. What is the over-all total for military personnel in each of the 2 years?

Mr. HICKEY. In 1952 there was 14,525 military personnel in naval hospitals, and in 1953, 15,525 are planned.

EMPLOYEE-PATIENT RATIO

Mr. WIGGLESWORTH. Is not that a very high ratio per patient?

Mr. HICKEY. No, sir. In our opinion it is quite low.

The average in civilian hospitals is running as high as 191 per 100 patients.

Mr. WIGGLESWORTH. What do the Veterans' Administration hospitals run, if you know?

Mr. HICKEY. I am not prepared to say, sir; I do not know what their figures are.

I think it must be realized that this is a 24-hour a day 7-day a week staffing which is involved here. For example, in order to keep one ambulance driver on duty it requires the employment of almost four people to keep an ambulance covered 24 hours a day, 7 days a week, and 365 days a year.

Captain CURETON. I have here an extract from this annual report, "Hospitals," volume 25, Number 6 for 1951 which shows that for private hospitals, general, special and short term nonprofit hospitals 191 staff to 100 patients.

General and short term proprietary hospitals, 161 staff per 100 patients.

General and special short term governmental hospitals (excluding Federal), 149 staff per 100 patients.

The average of all general and special short term hospitals was 178 staff per 100 patients.

The average for all Federal hospitals—which includes mental and allied hospitals, at an average of 24 staff per 100 patients and tuberculosis hospitals at 74 staff per 100 patients—is 111 per 100 patients.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Mr. WIGGLESWORTH. That is all, Mr. Chairman.

SPECIALIZED MEDICAL FACILITIES

Mr. SHEPPARD. We will take up the next project, No. 1B, "Specialized medical facilities."

Your total request for 1953 is $1,584,000. Your request for 1952 was $1,498,000. This request reflects an increase of $86,000.

We will insert the purpose and scope of the work in the record at this time.

This activity provides for maintenance and operation of specialized medical facilities, other than hospitals, under the management control of the Bureau of Medicine and Surgery. Included are 2 naval dispensaries, 6 dental clinics, 5 epidemic disease control units, 1 malaria and mosquito control unit, and 14 naval station dispensaries. The dispensaries and dental clinics provide out-patient medical and dental care to military and authorized supernumerary personnel. In-patient care is also provided for minor illnesses of short duration which do not warrant admission to a naval hospital. The malaria and mosquito control unit at Jacksonville, Fla., provides malaria and insect control services throughout the sixth naval district, trains personnel in insect control methods, and tests and modifies new equipment. Epidemic disease control units administer sanitation and epidemiological programs in the commands to which they are assigned. As additional duties, these units provide epidemiological services to ships, and investigation and control of the factors affecting the incidence of respiratory and other diseases.

Mr. SHEPPARD. You may make such general presentation as you care pertaining to this subject matter, and we will proceed with the categories that fall within this total figure.

Admiral PUGH. Specialized Medical Facilities comprise two naval dispensaries, 6 dental clinics, 5 epidemic disease control units and 1 malaria control unit and 14 naval station dispensaries.

Mr. SHEPPARD. I see that you have 6 dental clinics. Are they rather large specialized facilities? I ask that question predicated upon the fact that you have many smaller places for dental care, shore facilities and other places.

Admiral PUGH. These dental clinics are at the larger stations. There are 6, as I have said. One is here at the Naval Gun Factory; 1 at Brooklyn, 1 at Pearl Harbor; 1 in Guam; 1 at Guantanamo Bay and 1 at the large Marine camp at Camp Pendleton. They do prosthetic dental work and they operate complete dental laboratories. They are under the command of a dental officer.

Mr. SHEPPARD. Where you have other dental facilities, what category do they fall in?

Captain CURETON. The criteria upon which a naval dental clinic under the command of a dental officer is established is primarily that the dental clinic is so located that it must serve the personnel of several individual commands.

For example, the dental clinic here in Washington at the gun factory serves the personnel of all the naval commands in and around Washington. The same thing is true with respect to Brooklyn. They do dental work for the personnel, of the men that come in on the ships, the personnel of the Navy shipyard, the receiving station, the district headquarters, the naval supply depot and other facilities in that area.

There is no prosthetic work done at the Naval dental clinic dispensary in Washington. That is handled at the dental clinic at the gun factory.

FINANCIAL REQUIREMENTS

Mr. SHEPPARD. I see reflected on page 18–19, under "Financial requirements," three categories of expenditures. The first one is personal services. Your 1953 estimate is $240,000 and your 1952 estimate was $234,000.

The second is medical stores. Your estimate for 1953 is $921,000 and for 1952 it was $864,000.

The other one is "Other maintenance and operation." Your 1953 estimate is $423,000 and your 1952 estimate was $400,000.

The total estimate for 1953 for all three requirements is $1,584,000, and your estimate for 1952 was $1,498,000.

There is an increase here. Is that reflected in the breakdown of man-years indicated at the bottom of that page?

PERSONAL SERVICES

Mr. HICKEY. The bottom of that page refers only to the personal services requirement. This activity is based largely on the strength of the Navy and the increased requirement reflects the increased strength planned for 1953.

Mr. SHEPPARD. That is the total necessity involved in the $240,000 request under personal services?

Mr. HICKEY. Yes; and the same thing is true of medical stores and other maintenance and operation.

As you will notice in personal services, the rate per man drops from 23 cents in 1952 to 22 cents per man in 1953.

Mr. SHEPPARD. How many additional civilian and military personnel will be involved in this particular appropriation request?

Mr. HICKEY. The military is not reflected in this budget, but there will be 3 additional civilian employees required in 1953. They are primarily concerned with the operation of ambulances at naval stations for which we are taking budgetary responsibility in 1953.

COORDINATION WITH PUBLIC HEALTH SERVICE

Mr. SHEPPARD. What are the lines of demarcation between your function and that of the Public Health Service insofar as your control operation pertains?

Admiral PUGH. We are particularly interested in mosquito control in an area where we have service personnel. Public Health would be interested in general areas of the country, I would say. Our mosquito control unit at Jacksonville, Fla. is there because we have a heavy concentration of service personnel in that area.

Captain CURETON. They do their work primarily on the naval reservations.

Mr. SHEPPARD. Is there any relationship between you and the Public Health Service, and is there an exchange of results of experimentation?

Admiral PUGH. Yes; there is an exchange of information and data and statistics of one kind and another.

MEDICAL STORES REQUIREMENTS

Mr. SHEPPARD. I note under your medical stores on page 18–20 of your justifications that you state:

> Experience has indicated that the requirements for medical stores under this activity are to a very large degree related to average naval strength, particularly with respect to the operation of dispensaries and clinics. In fiscal year 1953, an annual rate of $.85 per man is estimated, which represents a decrease of $.15 per man from fiscal year 1951 requirements.

You proceed to show then a differential which is reflected in your medical store requirements and your rate per man.

OTHER MAINTENANCE AND OPERATION

You carry other maintenance and operation at the bottom of that page. What comments can you make pertaining to other maintenance and operation?

Mr. HICKEY. These other maintenance and operation costs are comparable to those we have in hospitals, and they include communications, utilities, printing and reproduction and any other supplies, services and equipment other than medical supplies which are required for the maintenance and operation of these dispensaries and clinics.

OBJECT CLASS DISTRIBUTION

Mr. SHEPPARD. I see reflected at the bottom of page 18–21 an object distribution. Would you explain the accumulation of mathematics involved at the bottom of that page?

Mr. HICKEY. The requirements of this activity, as indicated earlier, are largely based on the rate per man basis. After the total requirement, based upon the planned naval strength, is determined, it is distributed by objects, based on the obligation experience which we had in the fiscal year 1951 and the first 6 months of 1952.

Mr. SHEPPARD. Has not this been somewhat changed now that you are being delegated with the full budgetary responsibility?

Mr. HICKEY. These figures are all comparative figures. With regard to any change in responsibility, the comparative figures for that responsibility have been reflected in the 1951 and 1952 object distributions.

Mr. SHEPPARD. The reason I asked the question is because of the language reflected at the bottom of page 18–21:

> Due to the involved accounting and administrative procedures thus involved, a recommendation by the on-the-site survey board was approved by CNO to delegate full budgetary responsibility for this item to the Bureau of Medicine and Surgery.

Mr. HICKEY. This malaria and mosquito control unit served several different bureaus. It served, for example, air stations, naval hospitals, and other Navy installations which are financed by a different appropriation. In order to simplify the accounting and to make responsibility clear-cut, the full responsibility for the operation of the unit, regardless of where it performs its work, was placed with the Bureau of Medicine and Surgery.

Mr. SHEPPARD. Is there anything falling within the category of 1B that is new in this budget and which has not already been explained to this committee in preceding hearings?

Mr. HICKEY. Other than the malaria and mosquito control unit; no, sir.

BASIS FOR PERSONNEL SERVICES ESTIMATE

Mr. WIGGLESWORTH. How do you arrive at these figures for the rate per man? For example, you want 74 man-years of personnel at a cost of $240,000 and you tell us the rate per man is 22 cents.

Captain CURETON. That is to divide the total funds required by the man-year active-duty strength of the Navy and Marine Corps.

Mr. WIGGLESWORTH. Of the entire Navy?

Captain CURETON. Yes; that is primarily because the costs incident to these particular activities were applicable to the number of personnel served in about the proportion of the number of personnel that are present, so we assume that all of our active-duty personnel will be showing up at one or another of these activities sooner or later.

Mr. WIGGLESWORTH. Is that rate per man a result or a yardstick?

Mr. HICKEY. It is largely a result insofar as personal services are concerned.

Mr. WIGGLESWORTH. How about medical stores?

Mr. HICKEY. No, it is not a result there. The personnel services requirements are determined on a station by station analysis basis, and it is there determined how many personnel are required and the rate per man is a resultant figure.

On the medical-stores requirements, however, that is based on issues, and we determine from the total amount of issues of medical stores that are made in any given period, we will say the fiscal year 1951, the strength that was served during the fiscal year 1951 divided into the total issues, which gives the rate per man, which in turn determines our total requirement. We have indicated in the justifications here it is particularly applicable to medical-stores requirements.

Mr. WIGGLESWORTH. How about other maintenance and operation?

Mr. HICKEY. The same thing is true for other maintenance and operation as for personnel. It is largely determined by an individual analysis of each station's requirements.

This strength figure, in addition to active duty Navy and Marine Corps, also includes midshipmen, Reserve Officer candidates and Naval Reserve personnel who are on active duty, because we are responsible for providing them with medical care as well.

Mr. WIGGLESWORTH. What I was trying to find out was whether you take the figure of 85 cents per man, which experience in 1952 indicates, and apply that to your naval strength in arriving at the dollar requirements for medical stores.

Mr. HICKEY. The naval strength we are showing here. It is the naval strength shown here, the composite of the active duty plus the reserves.

Mr. WIGGLESWORTH. You take that strength and apply 85 cents per man to it to get the figure of $921,000?

Mr. HICKEY. Yes.

Mr. WIGGLESWORTH. So, if your experience in the past, either in respect to medical stores or in respect to maintenance and operation,

was excessive, the figures which you arrive at for 1953 would to the same extent be excessive?

Mr. HICKEY. What you say again is applicable to medical stores, but it is not applicable to maintenance and operations, or personal services. Those are individually analyzed requirements by stations.

Mr. WIGGLESWORTH. I am not talking about personal services; I am talking about items 2 and 3, "Medical stores" and "Maintenance and operations."

Mr. HICKEY. What you say is right insofar as "Medical stores" is concerned, but not as far as "Maintenance and operations" is concerned. That is built up by a station by station analysis.

Mr. WIGGLESWORTH. How much of that $423,000 for "Maintenance and operation" is for maintenance?

Mr. HICKEY. I am not prepared to break it down, sir, at this moment.

Mr. WIGGLESWORTH. I thought you said that it was built up station by station.

Mr. HICKEY. I would say that the figure under "Other contractual services" of $206,000 on the following page would include the maintenance, plus the amount of money which we have to pay for the repair of instruments, and so forth, and other equipment.

Mr. WIGGLESWORTH. In other words, about 50 percent would be for maintenance and repair and 50 percent for operations?

Mr. HICKEY. Yes.

Mr. WIGGLESWORTH. Is that maintenance figure obtained by a careful inspection at each one of the 28 facilities that you have referred to?

Mr. HICKEY. Not by direct inspection, sir, but by a careful analysis of their requirements as they come in from day to day, and then we build this budget on the requirements which have been approved.

Mr. WIGGLESWORTH. Well, which?

Mr. HICKEY. Both, sir. It is largely a matter of building on our experience costs, but we maintain a very careful review of every individual item which is allowed there.

Mr. WIGGLESWORTH. They might be very different.

Mr. HICKEY. I do not understand.

Mr. WIGGLESWORTH. The experience in 1951 or 1952, in terms of maintenance and repair, might be very different from an item by item consideration requested for 1953.

Mr. HICKEY. It is conceivable they would, but we feel the experience we have had over these years with these requirements shows that there are not too many fluctuations in them. We feel that there is a large amount of relationship here to the naval strength.

THURSDAY, MARCH 13, 1952.

EDUCATION AND TRAINING

Mr. SHEPPARD. The committee will come to order. We will take up the budget activity, No. 2, "Education and training," reflected on page 18–22 of the justifications.

This budget activity is broken up into four projects. The total for the activities for 1953 is $4,644,000. Your 1952 estimate was $4,520,000. This reflects an increase of $124,000.

We will insert the table in the record at this point.

No.	Project	1951 actual	1952 estimate	1953 estimate
2–A	Medical Department schools	$2,325,229	$3,644,000	$3,817,000
2–B	Naval hospitals	533,145	534,000	549,000
2–C	Civil institutions	117,800	251,000	187,000
2–D	Medical and dental periodicals	79,000	91,000	91,000
	Total direct obligations	3,055,174	4,520,000	4,644,000

UNEXPENDED BALANCE

Admiral PUGH. The obligations and commitments for activity 2 as of December 31, 1951, were $4,466,610 and the unexpended balance for the above date was $3,371,325.

MEDICAL DEPARTMENT SCHOOLS

Mr. SHEPPARD. We will take up project 2–A, "Medical Department schools."

Your request for 1953 is $3,817,000. In 1952 your estimate was $3,644,000. This reflects an increase of $173,000.

Admiral PUGH. I would like to say that the Medical Department of the Navy performs five major functions. We have already considered three of them, they being (1) the matter of selection of personnel, (2) protection of personnel against disease and injury, and (3) hospitalization and treatment of personnel. We now come to the fourth function, which is education and training.

Under this project funds are provided for civilian lecturers and consultants and other professional personnel on a contract basis, for the instruction and scientific training of Medical Department personnel. It also provides funds for clerical and administrative civilian personnel. Funds are provided for maintenance, operating costs, and medical stores expenses to insure an adequate training program for specialized instruction of Medical and Dental officers, Medical Service Corps officers, nurses, and enlisted personnel of the Hospital Corps, to maintain the highest standards of professional care. The schools operated by the Medical Department, for the support of which funds are requested, train enlisted personnel of the Hospital Corps in methods and procedures for care of the sick so that they may be qualified to perform their duties and assume increased responsibilities; for training Medical Service Corps officers in hospital administration, and for postgraduate training of Medical and Dental officers in various professional specialties.

The training films for which funds are requested, are required to insure an adequate audiovisual training program for the instruction of Medical Department personnel, also for instruction of all other personnel of the Navy and Marine Corps, in such subjects as health education, accident prevention, and communicable-disease control.

The funds requested will provide for the training of 6,000 students. The estimated total cost for training these students is based on an average cost of $636.17 per student. The following table indicates comparative student costs for fiscal years 1951, 1952, 1953:

	1951 (3,619 students)	1952 (5,609 students)	1953 (6,000 students)
Personal services	$155.44	$166.57	$164.25
Supplies and equipment	187.82	196.17	188.39
Other maintenance and operation	299.24	286.93	283.53
Total	642.50	649.67	636.17

Mr. SHEPPARD. The costs reflected in this table do not support military personnel engaged in training; do they?

Admiral PUGH. No, sir.

Mr. SHEPPARD. Is this training conducted within the confines of Navy itself?

Admiral PUGH. This training, under project 2–A, is conducted in naval institutions.

Mr. SHEPPARD. Your instructors are all civilians?

Admiral PUGH. Some of our instructors are civilians—the consultants.

Mr. SHEPPARD. Why is it deemed necessary to have an increase of $173,000?

Captain CURETON. That is due to the increase in the number of students.

NUMBER OF STUDENTS

Mr. SHEPPARD. What was the number of students in last year's budget?

Captain CURETON. In 1952 we planned on 5,609 students and in 1953 we plan to have 6,000 students.

Mr. SHEPPARD. What is the length of time these students are subjected to this training program?

Captain CURETON. It depends on the level at which they are being trained. The basic course is 20 weeks. The special training courses, for example, laboratory technicians, in some instances are 6 months. There are included courses of 12 weeks. That is the shortest, as I recall.

In the dental technicians schools the basic course is 16 weeks, and the prosthetic course is 6 months.

COURSES AVAILABLE

Mr. SHEPPARD. I notice reflected on page 18–24 of the justifications, under the caption, "United States Naval School of Hospital Administration, Bethesda, Md.," this language:

This school provides intensive training in medical and hospital administration for officers of the Medical Service Corps and officers and enlisted personnel of the

Hospital Corps. The curriculum includes courses in finance, property, personnel administration, office management, commissary administration, naval law and procedures, commercial law, maintenance methods, safety engineering and other matters pertaining to medical and hospital administrative operations.

What are the advantages of commercial law, and do you consider that a necessity with naval law?

Admiral PUGH. Mr. Chairman, this course of instruction is given to members of the Medical Service Corps who are to become assistants to hospital administrators in our naval hospitals. The type of instruction in commercial law, and other legal aspects or facets, will be of advantage to them in the performance of their duties.

Mr. SHEPPARD. I notice that there is a tabulation on page 18–26 covering your students in the medical department schools. This tabulation indicates 10 operations; is that correct?

Captain CURETON. That is correct.

Mr. SHEPPARD. And the bottom totals reflect the number of students that were handled in the years 1951, 1952, and anticipated in 1953?

Captain CURETON. That is correct, sir.

Mr. SHEPPARD. We have the same general information in another category reflected on page 18–27. On page 18–28 is reflected the object distribution which covers the allocation of money in this particular category for the respective fiscal years of 1951, 1952, and 1953 wherein is reflected that in 1951 you had $2,325,229; in 1952, $3,644,000, and the estimate for 1953 is $3,817,000.

Admiral PUGH. That is correct.

BASIS FOR REQUIREMENTS

Mr. FERNANDEZ. How did you go about determining the necessity for an increase in the number of students? I notice that you increased from 1952 to 1953 by approximately 2,000, and this year by approximately 500.

Captain CURETON. That is based on the calculated requirements for trained personnel in the various categories, based on the increased personnel strength of the Navy and the Marine Corps, and also taking into account the number of Reserve personnel who will have completed their obligated service and will be released to inactive duty. We plan to replace those losses and provide for the slight increase incident to the strength increase.

Mr. FERNANDEZ. All the increase between 1951 and 1952, and most of the increase between 1952 and 1953 occurs in the enlisted students, I take it?

Captain CURETON. That is essentially correct, sir.

CIVILIAN PERSONNEL REQUIREMENTS

Mr. FERNANDEZ. On page 18–27 you have a chart which shows the civilian personnel requirements. I take it that represents the instructors and so forth?

Captain CURETON. Those are the instructors and the clerical personnel. The majority of the instructors in these schools are military personnel.

Mr. FERNANDEZ. In that chart, so that we may better understand it, you have two designations, IV–B and N–IV–B. Will you explain those designations?

Captain CURETON. The first category, under "Civil-service classification," refers to IV–B personnel. They are the white-collar workers and comprise the instructors and the clerical assistants.

The N–IV–B are ungraded civil service personnel, and they will comprise maintenance personnel in connection with the schools.

Mr. WIGGLESWORTH. I notice that the number of students you are asking for of 6,000 for 1953 compares with 5,609 in the current year and with 3,619 in the fiscal year 1951. What is the outlook in this connection? Is this upward trend going to continue indefinitely, or is this about the point at which you want to level off?

Captain CURETON. We hope this will level off, sir, provided there is not either an increase in over-all personnel strength, or that there is not a marked change in numbers in the classification of Naval Reserve personnel. Those are the two factors which primarily will govern this category.

Mr. WIGGLESWORTH. Under present plans this would be the maximum that you would contemplate?

Captain CURETON. I believe so, yes.

Admiral PUGH. I think, Mr. Wigglesworth, that one other principle should be considered here, and that would have to do with the rate of exodus from the service. If we have a large percentage of our corpsmen remain on duty we will not have occasion to train as many incoming corpsmen as we would otherwise have. One of the reasons for the increase in 1952 and again in 1953 has been the fact that we have had a heavy exodus of reserves who were called to active duty and are now going back home.

DENTAL SCHOOL AT BAINBRIDGE

Mr. WIGGLESWORTH. Do I understand that you plan to open up a new school this year?

Captain CURETON. We opened Bainbridge during the fiscal year 1952. We do not plan an additional school.

Mr. WIGGLESWORTH. Your table on pages 18–26 shows no students at Bainbridge, Md., under the DTS.

Captain CURETON. I must correct that statement. The dental technicians school at Bainbridge is to be activated in 1953.

Mr. WIGGLESWORTH. Why do you need to open a new school?

Captain CURETON. Because the available capacity of the dental technician schools at Great Lakes and San Diego, both as to facilities and to availability in the vicinity of personnel to be assigned to the training, indicate the necessity for opening one at Bainbridge to provide the numbers we require, without excess transportation and an increase in facilities at the other locations.

Mr. WIGGLESWORTH. You mean that you cannot accommodate 145 of these people at existing schools?

Captain CURETON. That, together with the fact that the personnel have received their basic training at Bainbridge and it will be necessary to transfer them to other locations.

Mr. WIGGLESWORTH. Has that not been true in the past?

Captain CURETON. Bainbridge has just opened as a training station in the fiscal year 1952.

Mr. WIGGLESWORTH. I see that you have HCS, whatever that is at Bainbridge, that has been running for 3 years.

Admiral Pugh. That is the Hospital Corps School at Bainbridge, Mr. Wigglesworth, and I do not believe that the dental school at either Great Lakes or San Diego could take care of any more students than they are handling. There are certain advantages to operating a dental school is juxtaposition to a hospital corps training school because some of the training is the same for both curricula.

Mr. HICKEY. There is a further point. Within our existing dental technical schools we do not have sufficient capacity to handle the additional requirements, which are going to be taken care of at Bainbridge. Our capacity at Great Lakes is 440 students and at San Diego 200, which would give us a total of 640, and we have a requirement for 620 here. Actually, the matter of transportation justifies the establishment of this additional school.

Mr. WIGGLESWORTH. You have a capacity of 640, you want to instruct 620, so you want to open up another school, is that the mathematics?

Mr. HICKEY. The maximum capacity that we could achieve without crowding everything is 640. That is the maximum capacity.

Mr. WIGGLESWORTH. The pupils that you are asking for here total 620.

Mr. HICKEY. That is right, sir, and the additional cost involved to send the students to Great Lakes, or San Diego, would almost offset the cost of reactivation.

Captain CURETON. If I may add, sir, the number of students represented here indicates the number of graduates. No matter how carefully the entering students may be screened, there will be losses during the course of the training, and the capacity of 640 is the total number that can be accommodated, including those who may fall out after the beginning of an individual class before they complete the course.

Mr. WIGGLESWORTH. What is that school going to cost you?

Mr. HICKEY. We do not anticipate hiring any additional civilian employees there. This will be operated by military personnel and the cost involved will be limited to maintenance and operational requirements.

Admiral PUGH. The physical plant is already in being at Bainbridge. We are not building anything new.

Mr. WIGGLESWORTH. I notice that the principal increase you are requesting here in terms of students is in the three dental training schools.

Admiral PUGH. There has been a marked increase in the demand for dental technicians by reason of the more liberal physical requirements; that is, the lowering of the physical requirements for admission to the service, as far as the dental status of an individual is concerned.

Captain CURETON. The increase in dental technicians at this time is also tied in with the period in which the Reserve personnel are completing their tours of duty. There is a pile-up of Reserve personnel completing their tours in the dental technician category, which has some bearing on this.

STUDENT COSTS

Mr. WIGGLESWORTH. Is it necessary to go up mathematically for every student that you take in here? Can you not absorb some of this? It does not amount to too much, but it seems as if for every person you anticipate you increase the dollar cost.

Mr. HICKEY. Actually we have not done that. If you will look at page 18–23, our cost per student is dropping from $649 to $636.

Mr. WIGGLESWORTH. You are going to have 94 students instead of 90 at Bethesda, and you go up from $58,226 to $59,668. The same is true for other items. The cost is incidental, but in principle it seems to me when you are going to take on only a few more students you should be able to absorb the cost.

NAVAL HOSPITALS—EDUCATION AND TRAINING

Mr. SHEPPARD. We will now take up project 2–B, "Naval hospitals," reflected on page 18–29 of the justifications.

Your estimate for 1953 is $549,000. Your estimate for 1952 was $534,000. This reflects an increase of $15,000. What is the distinction between education and training under this project number as against that of project 2–A which we have just covered? Will you explain the line of demarcation?

Admiral PUGH. This program provides for the services of recognized and highly trained civilian specialists in the larger naval hospitals as professional consultants where medical and dental intern and residency training programs are conducted. It also provides in-service instruction for Nurse Corps officers. These consultants are to be employed in selected naval hospitals to supervise and teach various specialties. The purpose of this program is to continue a high standard of medical care for the sick and injured through keeping those who are charged with the responsibility for such care abreast of the latest advances in the medical and dental sciences. It is necessary that the training given by our chiefs of service and naval medical officers, who are certified by the American Specialty Boards, be supplemented by contracting for the services of civilian specialists in the conduct of the residency and intern programs.

The employment of civilian specialists to augment the teaching staffs of naval hospitals has maintained and improved the character of existing approved medical and dental residencies and internships, and has engendered a broader understanding of problems and professional concepts mutual to both civilian and military medicine. A second, but no less important, result of the program has been the establishment of excellent liaison and good will between the civilian and military components of medicine.

Mr. SHEPPARD. If my interpretation of your statement is correct, the only distinction that prevails here is that this activity covers the operation within the hospitals and the other activity covers the operations within the schools.

Admiral PUGH. Exactly.

Mr. SHEPPARD. They are compatible, one with the other, if your total program is to be successfully carried out?

Admiral PUGH. Yes.

Mr. SHEPPARD. I see that you show a workload breakdown at the bottom of page 18–31, and you show the number of lecturers in 1951, 1952, and 1953, and the funds connected therewith.

Captain CURETON. That is correct.

Mr. SHEPPARD. There is nothing for the Nurse Corps in 1951. What is the reason for that?

Mr. HICKEY. There was no Nurse Corps training program in hospitals that year, sir.

Mr. SHEPPARD. Is there anything specifically new in this program that has not heretofore been presented to the committee?

Mr. HICKEY. Nothing new.

Mr. WIGGLESWORTH. I do not understand what training you give these highly trained civilian specialists.

Captain CURETON. This is to provide for the pay of these specialists who come in and lecture to the interns and staff of the hospitals.

Mr. WIGGLESWORTH. This is not for training?

Captain CURETON. This is for the training of our dental and medical and Nurse Corps officers by means of lectures which we buy.

Mr. WIGGLESWORTH. These consultants serve on a contract basis. Is there anything more in here than $50 per lecture?

Admiral PUGH. $50 is the limit.

Mr. WIGGLESWORTH. Is that the only thing that you pay them for?

Mr. HICKEY. Actually we can pay them transportation, but normally $50 a day is what they are paid.

Mr. WIGGLESWORTH. You are not paying them for consultation?

Captain CURETON. No, sir.

Mr. WIGGLESWORTH. Purely for lectures?

Mr. HICKEY. It is a training program, purely.

Mr. WIGGLESWORTH. How many lecturers do you estimate you will have in 1953?

Admiral PUGH. 395.

Mr. HICKEY. That is for medical; 50 for dental officer training and 20 for nurse training.

Mr. WIGGLESWORTH. About 473, or something like that?

Mr. HICKEY. Right, sir.

CIVILIAN INSTITUTIONS

Mr. SHEPPARD. We will take up project 2–C, "Civilian institutions."

Your estimate for 1953 was $187,000, and for 1952 it was $251,000. This shows a decrease of $64,000.

I presume this project is for education and training that takes place within civilian institutions under contractual procedure?

Admiral PUGH. That is correct.

FUND REQUIREMENT FACTORS

Mr. SHEPPARD. And the money that is requested here is predicated upon two factors: (1) the students that you are going to place in that category and (2) how much it costs per institution?

Admiral PUGH. That is correct.

Mr. SHEPPARD. In other words, the program that is presented here under the title of civilian institutions, education and training, is a stereotyped curriculum in all institutions in which there is no variation, or do you send certain students through one type of educational procedure and certain other students through another type of educational procedure? What is the situation?

Admiral PUGH. The curriculum varies widely. We send one type of student to one institution and another type of student to another institution, depending upon what kind of postgraduate training he is to receive.

COSTS OF TRAINING COURSES

Mr. SHEPPARD. I see. Now, is there much of a variation in the student cost with regard to the type of curriculum that is being followed?

Captain CURETON. There is. It varies from $870 average for certain Medical Corps long courses to a low of $40 for certain short courses.

The tabulation on page 18–35 gives the breakdown of the various types of courses and the cost of each type of course upon which this estimate is based.

Mr. SHEPPARD. Is there any competitive bidding in this particular type of contractual procedure?

Admiral PUGH. No, sir; I think not. We do not ask institutions to give us bids and take the low bidder. The only competition is among the students themselves to get postgraduate training. Each student, of course, has to manifest his aptitude for such training.

Mr. SHEPPARD. We know that one student may be more adept than another, so let us assume that individual A can complete his course in 3 weeks—and I am using a hypothetical illustration here—as against student B, who takes 6 months. What happens in instances like that? Do you actually turn A out and let him go on his way, or does he have to stay through the mechanical devices of procedure within the institution?

Admiral PUGH. There may be a few courses that he can complete in less time than the institution prescribes, but generally speaking, he would stay on through to complete the curriculum.

Mr. SHEPPARD. Irrespective of his ability to absorb, he stays in the machinery and is ground out in the 6-month period, or whatever time period is the determining factor of graduation; is that correct?

Admiral PUGH. By and large that is correct.

Captain CURETON. If I may add, sir, under the selective system through which these students are selected, your student B would probably never get there. Further, under the scholastic standards of the institutions giving the training, student B would probably have a letter indicating an unsatisfactory report on his progress.

Mr. SHEPPARD. There are certain mechanics involved. Insofar as the expenditure is concerned, it is controlled by one factor and that is, how many students you are going to put through, because the course is already established from a financial point of view and you pay the bill.

Captain CURETON. That is correct.

POSTGRADUATE STUDIES

Mr. WIGGLESWORTH. What types of courses are these? Are they courses over and above what would be required for an M. D. degree?

Admiral PUGH. Oh, yes. All of this is postgraduate work. We send certain doctors to an institution for a special course in anesthesiology,

we will say. We will send some to certain institutions for special instruction in the field neurosurgery, and pathology and in biophysics and so forth.

While these courses may have a fixed curriculum that will require a certain amount of time for the student to complete it, the energetic student will be permitted to absorb as much as he is capable of absorbing. It is all postgraduate work and they will load him down with as much as he can handle.

Mr. WIGGLESWORTH. A doctor might come out of Johns Hopkins and go through one or the other of your naval schools and then be sent back to Johns Hopkins for postgraduate work; is that the idea?

Admiral PUGH. That happens, yes.

Mr. WIGGLESWORTH. Is the officer you select to go back for that training, to fill a specific naval need? In other words, I see that you are picking out 78 medical officers who will require training in basic science, 100 medical officers who are authorized to obtain short courses given in professional institutions and 59 dental officers, and so on. How do you determine the number that you are going to send?

Captain CURETON. The determination as to the numbers of these various categories is based upon the determined needs for the various specially-trained personnel.

Mr. WIGGLESWORTH. For specific billets?

Captain CURETON. Specific billets, together with the availability of people who have progressed so far in their education that they are now ready for this category of work.

For example, we require with the present strength 627 specialist certifications in the Medical Department. We have on board 292 certifications that we now have and 60 will complete their requirements for certification during fiscal year 1953 pointing to ultimately reaching the required number of specialists within the Navy Medical Department.

Admiral PUGH. I think that it should be pointed out at this time in that connection that the more we acquire of these certified specialists the less we have to go to civilian institutions for a specialized type of training. That is reflected in the figure of $187,000 this year as compared to $251,000 last year.

Mr. SHEPPARD. With regard to your training of doctors, do you send anyone to an institution that is not approved by the American Medical Association?

Admiral PUGH. No, sir. We do very little of anything medicalwise in the Navy that is not approved by the American Medical Association.

Mr. SHEPPARD. Why?

Admiral PUGH. Because medicine is one specialty, one department in the Navy, that has deep roots in the civilian profession. There is no department in the naval service that has a comparable tie-in with civilian interests such as has medicine. We have to rely upon the American Medical Association and civilian medicine to provide us with doctors, to start with. They, the AMA, are very much interested in the type of training that these doctors get and there is nothing static about medicine, which is also true of law and engineering.

MEDICAL AND DENTAL PERIODICALS

Mr. SHEPPARD. The next item that we have is Project 2–D, "Medical and dental periodicals."

Your estimate for 1953 is $91,000, the same as presented for 1952. That is upon what premise?

Captain CURETON. Upon the premise that the same number of stations requiring the same number of subscriptions will be in operation during fiscal year 1953 as were in operation in fiscal year 1952.

Mr. SHEPPARD. In other words, you can spend $70,000 and cut it off, or you can spend $150,000 and cut it off. You are in a position of direct control of the actual amount expended.

Captain CURETON. That is correct, sir.

Mr. SHEPPARD. Have there been any technical developments in research that have caused an increase, or a decrease, or added to the information that would fall within this type of periodical?

Mr. HICKEY. There are some research periodicals provided in here.

Mr. SHEPPARD. And they would convey any developments that might be involved?

Mr. HICKEY. That is right.

Mr. WIGGLESWORTH. Are these periodicals that you produce or do you buy them for distribution to the hospitals, the ships, and so on?

Admiral PUGH. We buy them.

Mr. WIGGLESWORTH. You buy them and distribute them?

Admiral PUGH. We buy them from the publishers, or subscribe to them.

MEDICAL SERVICES, SUPPLIES, AND EQUIPMENT AT OTHER FACILITIES

Mr. SHEPPARD. We will take up budget activity No. 3, which is reflected on page 18–39 of the justifications.

Your estimate for 1953 is $17,917,000. Your estimate for 1952 was $7,652,000. This is an increase of $10,265,000. There is a decided increase here under the title of "Medical service, supplies, and equipment at other facilities."

You will present your justification and address yourself to the increase.

UNEXPENDED BALANCES

As of December 31, 1951, the obligations and commitments were $7,595,763, the unexpended balance was $7,044,815.

Captain CURETON. The budget activity is for provision of medical services, supplies, and equipment at facilities within the Navy, but not under the control of the Bureau of Medical Surgery. The rather pronounced increase indicated in the table at the top of page 18–39 is not in fact the case because of an inventory utilization reflected in this activity of $9,145,000, as indicated in the table on page 18–40. The actual increase is the difference between $15,797,000 in fiscal year 1952 at a rate per man of $16.52 against the amount of $17,917,000 in fiscal year 1953 at a rate per man of $16.53, so that you will have an increase actually of the rate per man of 1 cent coupled with an increase in the personnel strength represented here. That gives an actual increase of $1,200,000.

Mr. SHEPPARD. Under your management control concept, what is the function that pertains under that title as expressed here under your justifications?

Captain CURETON. For example, this would be the technical support of the naval dispensary in a naval shipyard, or in the naval gun factory, for example, as distinguished from the support of the naval dispensary at the Navy Department, which is set up as an activity under the management control of the Bureau of Medicine and Surgery.

Mr. HICKEY. This includes all ships which are not under our management control, all air stations or ordnance plants, any activities under the management control of another Navy bureau—any recruit station, training station, or any medical facility other than hospitals.

PSYCHOLOGICAL TRAINING AND SCREENING

Mr. SHEPPARD. On page 40 you refer to clinical psychologists and psychiatric social workers. What are their functions?

Captain CURETON. Their function is at such locations as the naval retraining command at Portsmouth, N. H., and they work toward the rehabilitation of prisoners and the training of prisoners. They also work in the training stations for the purpose of assisting in psychological screening and classification of recruits.

We have an increase this year for additional psychologists and psychiatric social workers due to the increase in the number of recruits at training centers. It is primarily a screening process to determine, first, what category of work a man is capable of performing, and to pick up people who may cause difficulty, and so forth.

Mr. SHEPPARD. I suppose there has never been established in that field of function how long it takes a psychologist to analyze an individual, whether it is a matter of 1 hour's application, 2 or 3 hours application, or possibly a repetition of hours or even days.

Captain CURETON. I think that will vary so widely with the things that he discovers early in his interview that there could be no standardization of the amount of time required.

TRAVEL

Mr. SHEPPARD. Now, back on page 18–41, in the middle of the page you refer to increased travel funds for medical examining teams. How was that item handled in prior years?

Captain CURETON. In the first place, there is an increase in the number of examinations necessary to be given away from our medical installations, and, secondly, because it was formerly a minor item it was carried by the Bureau of Naval Personnel through allocations of travel funds to the different commandants. This is an effort to tie all of the medical expenses into one area.

Mr. SHEPPARD. In other words, instead of entering into a localized contract with local physicians in a geographical area you are now applying a roving team function?

Captain CURETON. Yes, sir; that is correct. For example, if we have a large ROTC unit, such as at Northwestern University, we send a team of medical examiners from Great Lakes down to Northwestern and transport a few people to examine the group there rather than either hiring civilian examiners or transporting the examinees to Great Lakes.

Mr. SHEPPARD. Do or do you not find that by following this type of function that you are able to get more of a standardized concept

or end result than you would by farming it out by contract? While the admiral would not admit that there is any difference in the medical concepts I am inclined to differ with him slightly and say that it has evidenced itself every once in a while in the examinations taken by contract as against those taken by the Navy itself. That has become somewhat evident.

Admiral PUGH. Yes, sir; I think this system is a better system, sir.

EFFECT OF INVENTORY LEVEL ON FUND REQUIREMENTS

Mr. WIGGLESWORTH. You had $7,652,000 for this item in the current fiscal year. Was it represented to this committee at the time you appeared in justification of that item that you would use almost $10 million worth of inventory on top of that?

Captain CURETON. No, sir; it was not. That came through the reapportionment of the funds after the start of the fiscal year. This, again, is an application of the reduction in inventory to current use, and it results in reductions in these activities of the stock on hand for use from a 6 months' level to a 3 months' level.

Mr. WIGGLESWORTH. It occurs to me that the control of this committee does not amount to much if it determines that a given figure is adequate, and then out of inventory that figure is increased by more than 100 percent. What is the situation in respect to inventory in the fiscal year 1953?

Mr. HICKEY. There was an application of inventory last year here.

Mr. WIGGLESWORTH. I understand that, and that is what I am talking about, but my question is what is the situation in respect to inventory in the fiscal year 1953?

Mr. HICKEY. The adjustments which took place in this budget insofar as the amounts provided for each activity are concerned, grew out of the increased cost.

Mr. WIGGLESWORTH. What I am asking is what is the situation in respect to the use of inventory in the fiscal year 1953?

Mr. HICKEY. We do not anticipate any utilization of inventory.

Mr. WIGGLESWORTH. Can you assure this committee that no inventory will, in fact, be used to augment the sum you are now requesting?

Mr. HICKEY. The utilization as provided here was required by the Bureau of the Budget, not by the Bureau of Medicine and Surgery.

Mr. WIGGLESWORTH. I am asking if you can assure this committee that no inventory will be used in the fiscal year 1953 to augment such sum as may be given to you in this connection?

REAPPORTIONMENT OF FUNDS

Captain CURETON. Unless we are forced to do so in reapportionment we can assure you that we will not utilize inventory in this activity in the fiscal year 1953.

Mr. WIGGLESWORTH. I do not understand the term, "forced to do so in the course of reapportionment." What do you mean by that? Read the captain's statement.

(The statement was read as above recorded.)

Mr. SHEPPARD. Define the term "reapportionment".

Captain CURETON. The apportionment is the release of funds to the Bureau of Medicine and Surgery by action of the Bureau of the

Budget. After the funds are appropriated by the Congress they are released to us in quarterly increments by the Bureau of the Budget.

Mr. WIGGLESWORTH. But they are not released in sums over and above what the Congress provides.

Captain CURETON. No, sir; they are never above. They may be below.

Mr. WIGGLESWORTH. Well, I do not understand why the resulting orderly apportionment should lead to making available more than 100 percent of the funds that were provided in the appropriation.

Captain CURETON. They do not make available more than the amount provided in the appropriation. They may make available a lesser amount.

Mr. WIGGLESWORTH. In the fiscal year 1952, if my premise is correct, you got $7,652,000 in the appropriation, and you actually expended $16,797,000 because of resorting to inventory.

Mr. HICKEY. The answer to your question is this, that the 1952 budget was prepared on the assumption that the Korean operations would not continue. There has been no supplemental requirement submitted for this appropriation in the fiscal year 1952. An adjustment of the available funds was necessary in order to meet the requirements which arose because of Korean operations. As part of that adjustment a reduction in stock levels was ordered which involved the utilization of $13,473,000 of the inventory, and part of that utilization was applied to this particular activity.

Mr. WIGGLESWORTH. That is all.

NONRECURRING PROCUREMENT OF MEDICAL SUPPLIES AND EQUIPMENT

Mr. SHEPPARD. All right, gentlemen, we will pick up budget activity No. 4, "Nonrecurring procurement of medical supplies and equipment," reflected on page 18–42 of the justifications.

Your total request for 1953 is $19,866,000, and for 1952 it was $54,191,000, which reflects a minus of $34,325,000.

UNEXPENDED BALANCES

As of December 31, 1951, obligations and commitments were $53,685,722; the unexpended balance was $48,366,551.

MEDICAL STORES

We will pick up the first project, which is 4–A, "Medical stores," wherein your request for 1953 is $15,769,000, and your estimate for 1952 was $43,401,000. In this subdivision there is reflected a decrease of $27,632,000.

You will present your justification for this request, Admiral?

Admiral PUGH. This project comprises the procurement of medical and dental supplies and equipment of a nonrecurring nature, required to maintain issue stock levels consistent with strength augmentation; to provide for a part of the mobilization reserve objective; to replace surveyed material; for stocks in transit; initial outfitting of facilities; and the purchase and reprocessing of blood plasma.

Mr. SHEPPARD. Unless there is objection upon the part of my colleagues I would like to deal with this entire group of projects together as they are closely related, and then we will proceed with our interrogations.

MAJOR REPAIRS, IMPROVEMENTS, AND EXPANSION, NAVAL HOSPITALS

Pick up the next item, "Major repairs, improvements, and expansion, naval hospitals."

Admiral PUGH. This project includes (1) the accomplishment of deferred major repairs and improvements to plant facilities at naval hospitals, (2) the procurement of collateral equipment incident to additional bed capacity construction at the naval hospitals in San Diego, Calif., and Great Lakes, Ill., and (3) the minimum requirements for maintenance to combat normal deterioration of structures at the inactivated naval hospitals, Aiea, T. H., and Trinidad, British West Indies.

MAJOR REPAIRS AND IMPROVEMENTS AT NAVAL HOSPITALS

Mr. SHEPPARD. I see that the amount of major repairs and improvements at naval hospitals is reflected as being $2,500,000. What do you have to say about that?

Captain CURETON. That represents the end result of some $8,000,000 worth of projects that were submitted to the Bureau of Medicine and Surgery by the various commanding officers, representing major repair activities which they felt were justified. We have included here the number and the value of those projects which we feel have been justified to the extent that they should be accomplished within this coming fiscal year.

Mr. SHEPPARD. The basic engineering technique, insofar as accumulating your cost factors for presentation of the budget to Congress is predicated upon a survey of the resident engineer who functions within the area where this work is to be done, is that correct?

Captain CURETON. Yes, sir; that is correct.

EXPANSION OF NAVAL HOSPITALS

Mr. SHEPPARD. Pick up your next item, "Expansion of naval hospitals," for which you are requesting $1,060,000. Where is your expansion to take place, and what is its general character?

Captain CURETON. On page 18–49, Mr. Chairman, we set forth provisions for 1,000 additional beds including some additions to the surgery, and some additions to X-ray and messing facilities at the naval hospital, San Diego.

Mr. SHEPPARD. I see that your cost there is $700,000.

Captain CURETON. Yes, sir; that is correct. That is for collateral equipment only, and it is to provide that equipment to go with the program for construction that is in the 1952 public works appropriation.

At Great Lakes, Ill., the hospital will be increased to provide for 900 additional beds, and in this location collateral equipment is required only for the ward units, and in increased messing facilities.

Mr. SHEPPARD. It is to be definitely understood that these figures are not reflected in the structural aspect?

Captain CURETON. That is correct. This is only for collateral equipment, such as beds, bedside lockers, and ward furniture of that character.

MAINTENANCE OF INACTIVATED NAVAL HOSPITALS

Mr. SHEPPARD. I see under your subdivision "Maintenance of inactivated naval hospitals" you have a request for $350,000. Where is that?

Captain CURETON. At Aiea, Hawaii, and Trinidad, British West Indies.

Those two hospitals are presently in maintenance status, and this fund is intended only to prevent further deterioration such as repairing leaks in the roof, and repairing rotting and sagging underpinning and that sort of thing.

Mr. SHEPPARD. What were these buildings originally; were they temporary or semipermanent structures?

Captain CURETON. Aiea is partially temporary, and partially permanent. Trinidad is temporary.

Mr. SHEPPARD. Of course, in your temporary structures which are subject to exposure in the South Pacific and various other geographical areas you undoubtedly have a pretty heavy maintenance requirement. You have it in all factors, but your amount of maintenance is increased when you get to temporary and semipermanent structures.

Admiral PUGH. I visited Aiea last summer, and I visited Trinidad last month.

Mr. FERNANDEZ. Where is Aiea?

Admiral PUGH. Aiea is right out of Pearl Harbor, at Honolulu. It is an excellent hospital, and it is semipermanent in construction, but when it is lying idle, like anything that is inactive, it tends to deteriorate. Although the one at Trinidad is of temporary construction it is a very complete and well-arranged and well-constructed hospital. It is subject to far more of a deteriorating influence insofar as the elements are concerned than the one at Aiea. The jungle really threatens to take over the one at Trinidad. Unless we do spend some money there to keep the jungle from just simply taking it right over we are going to lose it.

Mr. SHEPPARD. What is contemplated in activation at those two stations?

Admiral PUGH. In Aiea during the past year they have increased the Navy activity and the margin of beds that Tripler Hospital is able to offer the Navy is becoming precariously narrow. There is a prospect that Tripler will not be able to provide the Navy with all of the beds it needs in Aiea. Tripler is the Army hospital that provides beds for Navy and Marine Corps use in Honolulu.

Mr. SHEPPARD. That was done for the purpose of inactivation or keeping in stand-by condition, as it were, the Aiea hospital?

Admiral PUGH. Yes, sir.

Mr. SHEPPARD. In other words, Tripler Hospital absorbed the load in there but now they are reaching their capacity to the degree that you consider it important that you have this additional work done, so that you will be in a position to take care of any additional work that may be indicated as necessary at that place, is that right?

Admiral PUGH. Yes, sir. The commander in chief of the Pacific Fleet has urged us to bring that hospital into a state where it will be

possible to open it on much shorter notice than we are providing for at this time. That is a matter of record.

Mr. SHEPPARD. Is that Admiral Radford?

Admiral PUGH. Yes, sir; Admiral Radford recently wrote to the Chief of Naval Operations to that effect.

In Trinidad we have a good-sized naval activity, and I believe I am not revealing any classified or confidential matter, when I say I think it is in the basic naval plan to keep Trinidad activated, and to maintain a considerable force in being there. It is considered that Trinidad now occupies a very important strategic position between this country and the countries south of us.

VEHICLES, NONCOMBAT

Mr. SHEPPARD. Now, with reference to project 4–C, vehicles (noncombat), your request for 1953 is for $104,000, and in 1952 the estimate was $1,085,000. This shows a decrease of $981,000. What has occurred here that has caused this decrease in your requirement? In other words, did you procure in 1952 for this type of operation to the degree that it is not necessary to procure again?

Captain CURETON. The orderly program of replacement of vehicles has proceeded to the point where at the end of 1952 we will have a sufficiently modern fleet that it will only be necessary to replace trucks and truck tractors to the extent of the $104,000 here indicated.

That is accomplished primarily by planning to keep in use for one additional year a small number of ambulances that under the normal criteria would be due for replacement in fiscal year 1953. They are, however, in sufficiently good condition that they can be economically maintained in operation for an additional year.

Mr. SHEPPARD. Who does your procurement for your trucks, tractors, and so forth?

Captain CURETON. They are requisitioned through the Bureau of Yards and Docks, which transmits requirements for procurement to the Ordnance Department of the Army.

Mr. SHEPPARD. Do you have your shopping list on that procurement?

Mr. HICKEY. Our purchases in 1953 as provided in this budget are seven 1½-ton trucks.

Mr. SHEPPARD. At how much per truck?

Mr. HICKEY. At a unit cost of $1,663.

Mr. SHEPPARD. All right, pick up the next item.

Mr. HICKEY. Six 2½-ton trucks at a unit cost of $3,137; four 10-ton trucks at a unit cost of $5,186, and three trailers at a unit cost of $658. There are also six 10-ton tractor-trailer mobile dental units at a unit cost of $6,455. That provides the total of the 26 vehicles that are provided in this budget.

Mr. SHEPPARD. There are no ambulances in there?

Mr. HICKEY. No, sir.

CONSTRUCTION, MATERIALS, AND WEIGHT-HANDLING EQUIPMENT

Mr. SHEPPARD. All right, gentelemen, pick up your next project, 4–D, "Construction, materials, and weight-handling equipment," wherein your estimate for 1953 is for $75,000 against an estimate in

1952 of $1,000,000. This shows a decrease of $925,000. What is your explanation for that decrease?

Captain CURETON. It is essentially the same explanation as before. Orderly replacement has proceeded to the point where this represents the only procurement indicated for fiscal year 1953.

Mr. SHEPPARD. In this instance, what do you refer to when you use the language "weight-handling equipment"?

Captain CURETON. That is equipment such as gasoline- or electric-powered fork-lift trucks and that sort of thing.

AIR-ABRASIVE DENTAL UNITS

Mr. SHEPPARD. Your next subproject, 4–E, is "Air-abrasive dental units." Your estimate for 1953 is $8,000. Nothing is reflected for 1951 or 1952, which would indicate that this is a new procedure, so far as this budget is reflected. What is your explanation for this requirement?

Captain CURETON. The development of air-abrasive technique has proceeded now to the point where it is desired to place five of these units, at a unit cost of $1,600, in use in various parts of the Dental Department, so that additional dental officers can be trained in its use.

I believe that the principal location for these units will be at the Naval Dental School at Bethesda, so that we can eventually get a sufficient number of dental officers trained in the use of this technique so that it can be standardized.

Mr. SHEPPARD. How are you going to literally apply these air-abrasive units?

Admiral PUGH. This instrument, Mr. Chairman, is nothing more or less than a certain tool or device by means of which a dentist prepares a cavity for filling.

Mr. SHEPPARD. In other words, instead of grinding it out with a drill in the old-fashioned way, we now blast it out by sand blasting?

Admiral PUGH. Yes, sir; they blast out the cavity, and suction is going on all of the time removing the blasted material from the mouth.

Captain CURETON. First of all, Mr. Chairman, they surround the tooth with a rubber dam and make a pocket into which this sand can be blown, and there is suction there to bring it out of the mouth.

Admiral PUGH. It is a very rapid method, and it is said to be painless.

Mr. SHEPPARD. I was just going to differ with you, or at least with your source of information. It is difficult to conceive that when you are working on a tooth and approaching the nerve of a tooth that sand blasting will not have the same effect as a drill.

Admiral PUGH. Well, I have experienced every pain that one can experience in a dental chair, I think.

Mr. SHEPPARD. If you have, we have a companionship there. Apparently, that is quite an advance in the technique of taking care of cavities.

UNEXPENDED BALANCES

Captain CURETON. From 4–E on there are no requirements in 1953. We entered those in this table on page 18–42 for the reason that there were costs in 1951 and/or 1952.

Mr. SHEPPARD. All right, now, picking up the items that are reflected as 4–F, 4–G, 4–H, and 4–I, you will insert in the record at this point the unexpended balance that may be in evidence from previous appropriations, if you will.

Captain CURETON. Yes, sir.

(The requested information is as follows:)

Project 4–F—Blood substitutes and blood-plasma stockpile

In fiscal year 1951, funds appropriated were $2,836,500, all of which was obligated and expended.

In fiscal year 1952, funds appropriated are $6,830,000, of which $4,672,837 were obligated and $4,648,003 expended as of January 31, 1952.

Project 4–G—Audiovisual laboratories

In fiscal year 1952, funds appropriated are $4,000, of which $2,469 were obligated and $1,102 expended as of January 31, 1952.

Project 4–H—Initial equipment, naval hospital, St. Albans

In fiscal year 1951, funds appropriated were $100,000, all of which was obligated and expended.

Project 4–I—Advance-base resupply

In fiscal year 1951, funds appropriated were $107,112, all of which was obligated and expended.

Mr. SHEPPARD. Mr. Fernandez, do you have any questions with reference to budget activity No. 4?

Mr. FERNANDEZ. Off the record.

(Discussion off the record.)

Mr. FERNANDEZ. That is all.

Mr. SHEPPARD. Mr. Wigglesworth.

MOBILIZATION RESERVE NONRECURRING PROCUREMENT

Mr. WIGGLESWORTH. The general heading before us is "nonrecurring procurement," and you include medical stores.

Captain CURETON. That is correct, sir.

Mr. WIGGLESWORTH. Why is it "nonrecurring"?

Captain CURETON. Because it is built up for an increased strength, and it is distinguished from the stores that are for current use, which are reflected under the activity where they would be used, for example, in hospitals or in medical care in other facilities. We break it out this way, sir, in order to prevent its appearing in our usage factors and thereby next year inflating our apparent requirement for current use.

Mr. WIGGLESWORTH. You mean this whole item is for mobilization reserve?

Captain CURETON. No, sir, it is not for mobilization reserve. It is to provide a backlog for current use of medical stores to apply to the additional personnel.

For every man on active duty we have a certain quantity of medical stores available for use and when we increase the number of personnel on active duty we have a factor of this sort to appear as nonrecurring procurement. If we have a decrease in strength from 1 year to the next, then we, of necessity, reduce the requirement by that amount.

Mr. WIGGLESWORTH. I notice on page 18–45 of your justification that there is an item for $10,043,000, or two-thirds of the medical stores item, and one-half of the over-all request which is labeled, "Procurement to meet approved program objectives for mobilization reserves."

Captain Cureton. That is correct. I am sorry I misunderstood the question. That portion is for war reserves. I addressed my reply to the first two factors that we had been discussing. I am sorry I did not appreciate your question, sir.

Mr. Wigglesworth. And if this item is approved, in terms of time what will you have in the mobilization reserve?

Captain Cureton. It will give us total assets of just slightly more than 3 months mobilization reserve requirements. Three months' level is $140,000,000, and this would give us $150,000,000, including reserve stocks, depot operating stocks, and stocks on hand in the field.

Mr. Wigglesworth. I notice under 4–B, "Major repairs, improvements and expansion of naval hospitals" you have subdivision (a), $2,500,000 for major repairs and improvements to the physical plant facilities at naval hospitals, such as roads, walks, grounds, structures, utility systems and equipment; requirements which have been deferred from prior years. Do you have a breakdown of that figure, and if so may I see it?

Captain Cureton. Yes, sir, that represents 60 individual items which have been individually justified and examined as to what the project comprises and the cost of the individual project.

I might mention, for example, that the first item on the list is the naval hospital at Chelsea, for maintenance and repairs of the interior and exterior of three ward buildings, and that comes to a figure of $37,000.

Mr. Wigglesworth. That is all.

BLOOD PLASMA PROCUREMENT

Mr. Fernandez. Why is it that you do not have any appropriation for blood plasma purchasing?

Captain Cureton. There is a small amount for the procurement of blood plasma for use which appears in budget activity 4–A, on page 18–47. The continuation of the plasma stockpiling program has been assigned to the Federal Civil Defense Agency for the fiscal year 1953.

Medical Supply System

Mr. Sheppard. We will pick up budget activity No. 5, "Medical supply system."

Your total estimate reflected for 1953 is $1,277,000 against $1,167,000 in 1952. This shows a plus of $110,000.

UNEXPENDED BALANCE

As of December 31, 1951, obligations were $5,746,978; the unexpended balance was $4,485,625.

MEDICAL SUPPLY ADMINISTRATION

Now, with specific reference to the first subactivity, 5–A, "Medical supply administration," your estimate for 1953 is reflected as $222,000, and in 1952 your estimate was $158,630. This reflects an increase of $63,370, which goes in proportion to the total increase of $110,000. Will you present your justification for this requirement?

Admiral PUGH. This project provides for the maintenance and operation of the ophthalmic lens laboratories, electro-medical-dental repair units; the procurement of nonstandard medical materials; and technical liaison units for responsibilities that are inherent in supply demand control and depot operations. The locations of the activities performing these duties are as follows: (1) Naval Medical Matériel Office, Brooklyn, N. Y.; (2) Naval Supply Depot, Edgewater, N. J.; and (3) Naval Supply Depot, Oakland, Calif.

In addition this project provides for financing the printing costs incident to this Bureau's requirements for the Armed Services Catalog of Medical Matériel.

Mr. SHEPPARD. I notice that $65,000 is requested for reprinting of an estimated 10,000 copies, is that correct?

Admiral PUGH. Yes, sir, that is correct.

DEFINITION OF "NONSTANDARD" AND "STANDARD"

Mr. SHEPPARD. What is your definition of "nonstandard" versus "standard" as you apply the terminology in your justification?

Captain CURETON. Nonstandard refers primarily to such items as spare parts, and replacements of portions of X-ray units, for example, replacing an X-ray tube in the tube housing, and that type of material. It is material which is not required in sufficient quantity to stock, that is, to maintain in the supply system. Therefore, it is normally not cataloged and, therefore, is referred to as nonstandard. All catalog items are called standard items, and they are items maintained in the supply system.

Mr. SHEPPARD. In other words, your nonstandard classification results from what you call an almost negative turn-over in your inventory?

Captain CURETON. That is correct.

ARMED SERVICES MEDICAL PROCUREMENT AGENCY

Mr. SHEPPARD. All right, pick up subitem 5–B, "Armed Services Medical Procurement Agency," wherein your request for 1953 is $1,055,000. In 1952 it was $1,008,370, which reflects an increase of $46,630.

You may present your justification for that, please.

Admiral PUGH. This Agency is responsible for procurement, source and technical inspection and delivery to initial destination of all centrally procured medical and dental supplies and equipment for the Navy, Army, and Air Force. Additional functions of the Agency include the preparation of detailed specifications, maintenance of the master listing and preparation of manuscript for the Armed Services Catalog of Medical Matériel, item identification and coordination for medical categories in the Munitions Board cataloging program, preparation of spare parts listings and repair instructions, operation of the Armed Services medical equipment repair course, and technical investigation of reports of unsatisfactory matériel received from field medical installations.

Mr. SHEPPARD. I notice you reflect in your justifications for operation of the Agency, $987,000. What is your definition of "operation" as you apply it there? Would that fall within the category of administration?

Captain CURETON. This represents, Mr. Chairman, the Navy's one-third share of the cost of operating the Agency.

The total obligating authority for the operation of the Agency is presented by the Department of the Army in their budget, and we include within this all of the comparable costs that appear in our appriation and those that appear in the Army appropriation. That includes personal services, supplies and equipment necessary for all of the services.

Mr. SHEPPARD. In other words, it is reflected down here in your justification breakdown that aside from the operation of the Agency, that is Navy, there is maintenance, transportation of personnel, travel, postage, transportation, and communication services.

Captain CURETON. Yes, sir. The reason those individual breakouts are made is that it is my understanding that in the Army's presentation these factors will not appear in their own medical budget of the Army. We have to show them separately because they are all included, and this top figure represents our one-third participation in the part that appears in the Army's medical budget.

BUDGET PREPARATION PROCEDURE

Mr. SHEPPARD. Just how close are you associated with the budget requirements that are reflected in operation in a three way split, as it were?

Captain CURETON. The charter of the Agency provides that the budget requirements shall be prepared by the fiscal officer of the Agency. They are then submitted to the directorate of the Agency, which is comprised of the Surgeons General of the three departments as represented by their designated officers.

The budget is reviewed by the budget officer of the directorate, and then submitted for comment and consideration by the Comptroller of each of the three services, and therein we get an opportunity to criticize the budgetary requirements as presented by the Agency prior to their promulgation by the directorate, whereupon we take our one-third share and present it in our budget.

Mr. SHEPPARD. Aside from the scrutiny you have referred to, I presume it goes through the same mill as in the case of all other agencies, to wit, through the Comptroller's Division, the Secretary of Defense, the Bureau of the Budget, and so forth?

Captain CURETON. Yes, sir; it does.

MEDICAL STORES SOLD TO OTHER AGENCIES

Mr. SHEPPARD. Next we have project 5–C, which is reflected on page 18–58 in the justifications, medical stores sold to other agencies. I find no estimate for 1951, 1952, or 1953. This particular item is shown for what purpose?

Captain CURETON. This project is included to reflect the estimated dollar value of medical stores sold to other activities. In every transaction involving the sale of medical stores, reimbursement to the appropriation "Medical care, Navy" is effected, in order to replenish medical stores inventories and maintain authorized stock levels. Down below that in the object distribution for 1953 we estimate that we will sell $2,000,000 worth of medical stores.

Mr. SHEPPARD. Well, irrespective of what your estimate may be in this situation, it is a reimbursable factor and is an automatic procedure.

Captain CURETON. Yes, sir.

PROCUREMENT AGENCY PERSONNEL

Mr. WIGGLESWORTH. Under item 5–B, "Operation of the Agency," you have $987,000 for 1953 as compared with $940,408 for 1952. What personnel does that reflect?

Captain CURETON. Those personnel are still carried by the Department of the Army. I am sorry I do not have the numbers here.

Mr. WIGGLESWORTH. You do not know how many people's salaries you are paying for?

Captain CURETON. I am sorry I do not have the number with me, Mr. Wigglesworth.

Mr. WIGGLESWORTH. In other words, you take the position that the justification of this is in the hands of the Army, and that this is simply mathematically your share of the request that they have made?

Captain CURETON. Yes, sir. I have not personally gone into the number of positions in this particular budget.

Mr. WIGGLESWORTH. And if the over-all request by the Army should be reduced, then your share would correspondingly decrease?

Captain CURETON. That is correct, sir.

Mr. WIGGLESWORTH. That is all, Mr. Chairman.

MEDICAL CARE IN NONNAVAL FACILITIES

Mr. SHEPPARD. We will take up the next budget item, No. 6, "Medical care in nonnaval facilities", reflected on page 18–59 of the justifications.

Your estimate for the fiscal year 1953 is $3,948,000. In 1952 it was $3,762,000. This reflects an increase of $186,000

You will make your presentation for this requirement.

UNEXPENDED BALANCE

Admiral PUGH. As of December 31, 1951, the obligations and commitments were $3,737,155; the unexpended balance was $3,489,957.

This activity provides for in-patient and out-patient medical and dental care of naval personnel in nonnaval facilities. The most significant item is the care provided in Army and Air Force hospitals, incident to the joint utilization of medical facilities of the armed services. Provision is made also for the care of personnel suffering from malignant diseases; care of certain female psychotic cases; and travel, per diem, and other expenses incident to transfer of Navy and Marine Corps personnel from nonnaval facilities to naval hospitals.

FINANCIAL AND WORKLOAD DATA

Mr. SHEPPARD. I notice you have a breakdown on page 18–60. I would like to have you tell us about the pertinent factors pertaining to your workload as it appears in this table.

Captain CURETON. We provide in fiscal year 1953 for the care of an average daily patient load of 50 military personnel in civilian

hospitals, 9 in Public Health Service hospitals, 477 in Army hospitals, 135 in Air Force hospitals, and 330 in Veterans' Administration hospitals, making a total of 1,001 active-duty patients hospitalized in in nonnaval facilities. They are at the rates indicated in the table.

Mr. SHEPPARD. Is this under a contractual procedure?

Captain CURETON. No, sir; not completely. The hospitalization in Army and Air Force hospitals at a rate of $7.50 per day is the rate established by the Department of Defense. That is part of the cross-servicing features of the medical care of military personnel.

Mr. SHEPPARD. How do you account for the rate difference between 1952 and 1953 in United States Public Health hospitals? In 1952 it was $12.25 per day and in 1953 it is $14.25.

Captain CURETON. That is based on an order issued by the Bureau of the Budget in December, which establishes the interdepartmental rate at $14.25 per day for the fiscal year 1953.

Mr. SHEPPARD. Does the same explanation pertain to the Veterans' Administration hospitals?

Captain CURETON. It does, sir.

The rate given here for civilian hospitals is $23.50 per day, which is based upon the actual 1951 figures and the experience to date in fiscal year 1952.

Mr. SHEPPARD. I find that you have another column which incorporates your total treatments and also reflects the dollars involved in 1952 as against 1953.

Captain CURETON. We anticipate there will be outpatient treatments in civilian hospitals to the extent of 34,932 individual treatments in fiscal year 1953 at a rate of $12.13. In Public Health hospitals we calculate 1,795 treatments at a rate of $2.44 per treatment, and in Veterans' Administration hospitals, 2,143 at a rate of $4.14 per patient.

Mr. SHEPPARD. Is the difference in the rates accounted for by the fact that they are out-patients?

Captain CURETON. Yes. These are out-patient treatments and the method of determining the rate for civilian hospitals is to take the actual number of treatments in fiscal year 1951 and divide it into the cost of those treatments. We project that as an anticipated rate for 1953.

BASIS FOR PERSONNEL REQUIREMENTS

Mr. SHEPPARD. In arriving at the figures in both instances I presu me they are predicated upon the estimated amount of personnel that it will be necessary to hospitalize?

Captain CURETON. In calculating the number of treatments, we take the actual number in 1951 and relate that to the increase or the decrease in personnel in succeeding years. In other words, the incidence rate actually in 1951 is projected against the anticipated personnel strength in 1953.

COMPARISON OF PATIENT RATES

Mr. FERNANDEZ. Why is it that in the United States Army hospitals and the United States Air Force hospitals the cost per day is $7.50, whereas in the United States Public Health hospitals and the Veterans' Administration hospitals it is almost double that, and in the civilian hospitals it is treble that amount?

Mr. SHEPPARD. Well, irrespective of what your estimate may be in this situation, it is a reimbursable factor and is an automatic procedure.

Captain CURETON. Yes, sir.

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Captain CURETON. In the Army and Air Force hospitals the cost of military pay is not included in the charges between the services—in the reimbursements between the services. In the Public Health Service and the Veterans' Administration hospitals the cost of all personnel is included in determining the rate.

The rate in civilian hospitals, of course, includes not only the cost of all personnel but other factors as well, which causes the rate to be higher.

Mr. WIGGLESWORTH. This has nothing to do with the war in Korea—this is a peacetime program?

Captain CURETON. This is calculated on an assumption of a peacetime operation.

CARE OF THE DEAD

Mr. SHEPPARD. We will take up activity No. 7, "Care of the dead," reflected on page 18–63 of the justifications.

Your estimate for 1953 is $1,268,000. In 1952 it was $2,516,000.

We will insert the table on page 18–63 and the purpose-and-scope statement of the justification in the record at this point.

BUDGET ACTIVITY NO. 7.—*Care of the dead*

Number	Activity	1951 actual	1952 estimate	1953 estimate
7	Care of the dead	$1,011,077	$2,516,000	$1,268,000
	Total direct obligations	1,011,077	2,516,000	1,268,000

PURPOSE AND SCOPE OF WORK

This activity provides for all necessary care of remains of deceased Navy and Marine Corps personnel, including the repatriation of Korean dead. Provision is also made to handle the repatriation of World War II Navy and Marine Corps dead, recovered during fiscal year 1953.

UNEXPENDED BALANCE

As of December 31, 1951, "Obligations and commitments" were $1,957,000; the unexpended balance was $2,206,932.

Mr. HICKEY. This activity provides for all necessary care of remains of deceased Navy and Marine Corps personnel, including the repatriation of Korean dead. Provision is also made to handle the repatriation of World War II Navy and Marine Corps dead, recovered during fiscal year 1953.

DETAIL OF FINANCIAL AND WORKLOAD REQUIREMENTS

Mr. SHEPPARD. On page 18–64 you have a comparative financial workload statement which covers noncombat deaths, transportation of remains, travel, contractual services, secondary expenses, and mortuary supplies.

Define "secondary expenses."

Mr. HICKEY. These include services such as hearse hire, transportation of immediate relatives to cemetery, undertaker's services, clergyman's services, cost of single grave site, and opening and closing of the grave.

Mr. SHEPPARD. Insofar as the procedure involved in this budget presentation is concerned, it is the same that you have followed heretofore, and there are no innovations presented in this presentation?

Admiral PUGH. That is correct.

Mr. SHEPPARD. It is mandatory under the law that our dead be taken care of.

PROCEDURE CHANGE IN RECOVERY, REPATRIATION AND INTERNMENT

Captain CURETON. There is one change in that. In fiscal year 1953 the Bureau of Medicine and Surgery will assume the cost of recovery and repatriation and internment of remains of World War II deceased personnel which has previously been carried out by the Department of the Army under a public law which will have expired.

Mr. SHEPPARD. This is a reimbursable factor?

Captain CURETON. We will reimburse the Department of the Army, who will do the work in 1953. The estimated unit cost on that appears on page 18–68. It comes to a cost per case of $1,247, and the estimated number of deaths, of dead to be repatriated, is 17.

SEARCH AND RECOVERY

Mr. SHEPPARD. On the first line on page 18–68 I see the item Search and Recovery. I presume that means searching and recovering bodies under rather difficult conditions?

Captain CURETON. Yes. It would include sending out search and identification teams to any location where rumor has it that the remains of a World War II military person might be found and recovering the body for repatriation.

Mr. WIGGLESWORTH. Why is the number to be repatriated in the fiscal year 1953 only 362 as compared with 3,350 in the current year?

Captain CURETON. The assumption upon which this budget was based was that hostilities will have ceased by 30 June and that repatriation would be carried forward during fiscal year 1952 at a rate sufficiently rapid so that there might be expected to be only that many remaining for repatriation in fiscal year 1953.

Mr. WIGGLESWORTH. Was not the fiscal year 1952 estimated on the same assumption?

Mr. HICKEY. It was on the same assumption, but as we discussed earlier, the funds which were made available in the fiscal year 1952 have been adjusted by activity to provide for the Korean operations.

Mr. WIGGLESWORTH. Do you mean that you got funds in addition to those you got under the appropriation for this purpose?

Mr. HICKEY. Not additional funds beyond the total amount of the appropriation, but funds were taken from other activities within the appropriation and devoted to this program.

Mr. WIGGLESWORTH. From what other activities?

Mr. HICKEY. Those activities, for example, in which the utilization of inventory took place.

Mr. WIGGLESWORTH. How much did you get under that adjustment?

Mr. HICKEY. I believe that the appropriated funds in 1952 were only $695,000, as I recall, and they will have to be increased to this extent in order to provide for all the changes that took place.

Mr. WIGGLESWORTH. You mean that you got over $3,000,000 from other sources?

Mr. HICKEY. By primarily using up inventory.

RESEARCH AND DEVELOPMENT

Mr. SHEPPARD. We will take up the next project, "Budget activity No. 8, research and development." Your total request for 1953 is $4,428,000 and your estimate for 1952 is $4,386,000. This shows an increase of $42,000.

UNEXPENDED BALANCES

As of December 31, 1951, obligations and commitments were $3,810,190; the unexpended balance was $3,225,404.

DIRECT COSTS

Under project A, direct costs, your estimate for 1953 is $3,500,000 and for 1952 it was $3,448,000, which reflects an increase of $52,000.

You will address yourself to project 8A.

Admiral PUGH. I think it would be to the interest and profit of the committee if Captain Shilling will make some comment at this point.

Mr. SHEPPARD. You may proceed, Captain Shilling.

INTERDEPARTMENTAL COORDINATION OF RESEARCH AND DEVELOPMENT

Captain SHILLING. I would like, if I may, to make two general comments, one concerning the coordination of research at the various levels.

I am sure that you are aware that research is coordinated within the Navy through the Research and Development Review Board of the Chief of Naval Operations.

At a higher level it is coordinated at the Department of Defense level through the Research and Development Board through the agencies of two committees there—the Medical Science Committee and the Human Resources Committee. It is also coordinated through the Medical Policy Council at the Department of Defense level.

We have two other voluntary coordination efforts. One of them is by a monthly meeting between the research representatives of the Surgeons General of the three services on an informal basis. Another is through the National Research Council, where we all three go for advice on specific problems and go jointly for advice on problems of mutual interest.

In addition to this there is an exchange of information at the proposal level through the Medical Science Information Exchange. This is operated jointly by eight participating Government agencies in the field of medical research.

In this way we know when a proposal is first formulated what the other agencies plan to do. So I think that I can very definitely say that there is no medical research covered by either of the three services that we do not all know about.

The second statement I would like to make, if I may have a few minutes, is that the Bureau of Medicine and Surgery has a very distinct duty in making certain that the young men who come from the

various parts of this country make a proper adjustment to this new environment they face in the service.

I would like to illustrate this by showing one chart, if I may.

This chart [indicating] in a pictorial way simply illustrates the new types of environment that this young man depicted in the center may be subjected to. First, naval aviation. Naval aviation is certainly something different so far as the young man is concerned. He may have flown before, but certainly he has not landed and taken off from a carrier.

Deep-sea diving, under-water swimmers—both new environmental techniques. We have to be sure we do our part to make this young man properly adjust himself to this new environment.

Shipboard duties—the problem there of living together as a team or group, and the discipline and the new type of life. This is something we have to work with both by way of obtaining new knowledge and of searching to make sure of proper adjustments under those conditions.

Submarine duty is still another new environment.

Also there is amphibious warfare from the standpoint of our Marine contingent.

Atomic warfare, we hope, will not be something we will have to become adjusted to. However, we must, from a research standpoint, find out all we can by way of protecting our people from such possible attack.

Psychological warfare comes around again with the problem of making certain that the morale is kept at the highest possible level, and trying to outguess the enemy in what he may use for psychological warfare.

Chemical warfare and attack upon our own shipping, or our own naval vessels by possible aerosol clouds.

Bacteriological warfare is a definite possibility that we must prepare to defend against.

For a second, may I go off the record, because this is classified, but I think you may be interested in it?

Mr. SHEPPARD. You may.

(Discussion off the record.)

Captain SHILLING. Back on the record.

Biological warfare must be protected against both from the standpoint of our naval personnel and our shore facilities.

Mr. SHEPPARD. Let us go back off the record a minute.

Captain SHILLING. Yes, sir.

(Discussion off the record.)

Captain SHILLING. A new type of environment that is different is that our people in the Navy go to many different parts of the world where they are subjected to new types of bacteria, viruses, molds, snails, and so forth, and we must be prepared to protect them properly.

Other types of environment, of course, are the Arctic and the Tropics. Once again we have different types of protection and different types of clothing and different types of equipment which must be adjusted to the man as a fighting man. And then, of course, combat casualties with our hospital ships, our types of small hospital barges taking people from the beaches, and our hospitals, all requiring additional knowledge as to methods and techniques are put into effect.

Now, if I may have just another moment to give a general picture here, I have taken for illustration underwater swimmers, because I believe this is somewhat new to most people. I would like to show how this is developed, and how the Bureau of Medicine and Surgery acts in a supporting role in this area.

There are several types of underwater swimmers: demolition teams, explosive ordnance disposal units, beach jumpers, the Marine Corps amphibious units. They have a great many different missions assigned to them also. I will not take the time to read all of them, but they go all of the way from reconnaissance to rescue works.

Now, the Bureau of Medicine and Surgery contributes to the new problems created here in personnel or selection in working with the Bureau of Naval Personnel in training in 10 different areas.

We have new physiological problems, respiration, different types of gas to be provided, and so forth. We have new environmental problems. We have to think about water temperature, water pressure, and turbidity, and the pollution of the water as they swim in the harbors or rivers in different parts of the world.

This Bureau works with the Bureau of Ships in the development of equipment for the use of individuals. They have to have self-contained breathing equipment, swimming suits, masks, swim fins, and even various types of surface craft.

I would like to emphasize that this is the Bureau of Ships' primary responsibility, but we work with them to make sure the man is properly adjusted and properly thought of in the building of this equipment. In addition we have the problem of the treatment of the casualties that may develop.

Mr. SHEPPARD. You have depicted an underseas operation there on that chart.

Captain SHILLING. Yes, sir.

Mr. SHEPPARD. What is the duration of time a man can stay submerged with those appurtenances, and so forth, attached to his body?

Captain SHILLING. Men have remained submerged for as much as an hour at reasonably shallow depths and been able to work effectively.

Mr. SHEPPARD. What depths would you consider as reasonably shallow, please?

Captain SHILLING. For this type of operation not over 30 feet, or possibly for short periods of time as much as 100 feet.

Mr. SHEPPARD. Is there oxygen maintained within the tank that is reflected there to keep this encasement inflated, as well as to furnish the breathing requirements of the individual?

Captain SHILLING. Yes, sir; there is.

Mr. SHEPPARD. That is a very interesting feature.

Captain SHILLING. Off the record for a second if you please, sir.

(Discussion off the record.)

Captain SHILLING. The only reason for mentioning this is to illustrate that there are many things in which the Bureau of Medicine and Surgery functions that do not develop into end items of hardware. Any one of the other environments could have been treated in this same way. This is merely an illustration of one of the many environments.

You might be interested in a picture of the type of warm water and cold water equipment used.

Mr. SHEPPARD. Are these the boys who are classified as "frog men"?

Captain SHILLING. That is right, sir.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Captain SHILLING. We have, if you wish, sir, a few illustrations of gadgets, as we call them in the Navy, that may interest you as end items.

Mr. SHEPPARD. I would like very much to see them. I think they would be very highly educational.

Captain SHILLING. This article here [indicating], is a simple device, and is a possible substitute for the Momsen lung. It is very much cheaper, more easily stored, lighter in weight, and more easily used, and we believe will prove much easier, so far as training is concerned.

It is now in the process of being tried out experimentally at the lung training tank, United States Navy Submarine Base, New London, Conn.

Mr. FERNANDEZ. How does it work?

Captain SHILLING. You simply put it over your head, much as you would a bucket, and put this trap under the crotch before you make your escape, and just fill it with either air or oxygen. As you go to the surface the air expands rapidly inside, and you constantly breathe back and forth in an air pocket.

Mr. SHEPPARD. What would be the duration of confinement within that space? With safety, how long could a man be confined within that space?

Captain SHILLING. We feel that if you escape at the rate of 50 feet per minute, which is about equivalent to the movement of a slow motion picture, that you will be making a proper escape, and one could stay for 4 or 5 minutes that way during an ascent.

Mr. SHEPPARD. This appears to be strictly a manual operation.

Captain SHILLING. It is, sir.

Mr. SHEPPARD. In which the sealing of the encasement is made possible by the tightness with which the center strap is brought up against the body and pressure exerted on it.

Mr. FERNANDEZ. From where does the air come?

Captain SHILLING. Before he makes his ascent there is an air supply there, exactly the same as one fills an automobile tire. It is just pressed, and the air is put in around this [indicating].

Mr. SHEPPARD. Is that injected into the operation after it has reached this status?

Captain SHILLING. He puts it on in an air pocket, and puts more air inside of it, and steps out into the water, and comes up.

Admiral PUGH. From what depth might he escape?

Captain SHILLING. The only limit on the depth from which he might escape is the limit at which an individual can tolerate pressure. At about 300 feet most individuals become mentally disoriented.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Mr. SHEPPARD. All right, thank you, Captain. Your visual presentation has been highly educational, and one that certainly shows that research and development in this instance and in the instances that you have presented to us has certainly been a splendid

accomplishment, insofar as the preservation of life is concerned and in various other aspects.

Off the record.

(Discussion off the record.)

Mr. SHEPPARD. We will insert at this point in the record pages 18–69 through 18–77.

(The matter referred to is as follows:)

PURPOSE AND SCOPE OF WORK

The funds requested for this program provide for all expenses directly related to the accomplishment of medical and dental research and development. Direct costs are defined as those costs pertaining directly to the performance of research and development projects, i. e., costs of contracts with nongovernmental agencies and orders with other-than-Navy governmental agencies, costs of civilian personnel (nonsupervisory and nontechnical), materials and minor equipment utilized directly in research projects at naval activities. For administrative purposes, the research and development program of the Bureau of Medicine and Surgery is divided into the fields of general medicine and surgery; submarine and diving medicine; dental medicine; atomic medicine; aviation medicine; field medicine; and special weapons medicine.

The challenge to medical research in the Navy is to progress as rapidly as possible toward the solution of medical military problems posed by modern technological advances in weapons and modes of warfare, and to develop new and better means of combating diseases encountered in military operations, as well as those diseases which ordinarily affect the health of the Navy. During fiscal year 1951, military medical research efforts have exhibited a shift toward the support of operational readiness and solution of medical problems incident to the Korean campaign with emphasis on the applied phase and resultant diminution to an essential minimum of the basis research program. In fiscal years 1952 and 1953, projects are for the most part of shorter tenure and directed toward immediate solution of problems occurring in the field.

JUSTIFICATION FOR FUNDS REQUESTED

The Bureau of Medicine and Surgery is guided in the conduct of research and development by a Master plan for research and development. This plan, formulated by the Research and Development Board of the Department of Defense, outlines the objectives toward which all research and development in the Armed Forces is directed. The Committee on Medical Sciences of the Research and Development Board provides not only guidance but coordination for the medical-research programs of the three services within the Department of Defense. The purpose of this program guidance is to ensure that the medical research efforts of the Navy will coordinate with and not duplicate similar programs of the Army and Air Force. Recommendations and reports from the various panels are considered by the Committee of the Research and Development Board and form their basis for program guidance, coordination, and budget reviews. Within the Department of the Navy, the research program of the Bureau of Medicine and Surgery is correlated by the Research and Development Review Board to meet the operational requirements of the naval service.

It should be borne in mind that no machine, either of industry or war, is better than the human being which operates it. It is therefore essential that our research program investigate the limitations of the human machine, and to this end our program is pointed. Of necessity, it is a continuing program the results of which are rarely tangible items of "hardware".

General medicine and surgery

Of the total funds obligated in fiscal year 1951, $881,000 was used for research in the field of general medicine and surgery.

In fiscal year 1952, it is expected that the Bureau of Medicine and Surgery will spend $1,119,200 for research in this field; and in fiscal year 1953, approximately $1,136,200. It is planned to continue studies of such problems as personality factors affecting interpersonal relations with a view to achieving optimum selection of officer candidates; determination of desirability of adding dysentery vaccine to typhoid vaccine; observation of the effectiveness of influenza vaccine; evidence as to the protective value of mumps vaccine; a practicable method of

prevention and treatment of filariasis, which was a major cause of debility among American personnel in the South Pacific in World War II; further development and testing of antimalarial drugs; the value of combined use of terramycin and streptomycin in acute brucellosis will be determined; an assay of terramycin in other rickettsial diseases; action of cortisone and ACTH in metabolic disease; improved handling of banked bone; evaluation of the practicability of skin preservation; the preservation of blood-vessel tissue will be continued; and the possibility of the use of drugs as a treatment for atomic casualties.

Aviation medicine

In the field of physiological adaptation of flight personnel to the stresses of flight, particularly at high speeds and high altitudes, the Bureau obligated $480,500 in fiscal year 1951.

In fiscal year 1952, the Bureau will obligate approximately $521,000 in this field and $477,000 in fiscal year 1953. Work on the investigation of the role of the nonacoustic labyrinth (sense of balance) will continue, and it is expected that a comprehensive handbook on disorientation in pilots will be prepared. Sufficient data from human centrifuge tests should be collected to indicate the need for centrifuge indoctrination of all or certain groups of flight personnel. Actual comparison with measured acceleration patterns of training aircraft is being started.

Research will continue into problems of flight at high altitude and the possible effects on flight personnel of cosmic radiations. Research in voice communication will continue toward the improvement of air-to-air, air-to-ground, and airport-traffic-control communication. Studies in human tolerance to parachute-opening shock are under way. Studies in high-altitude physiology, use of emergency high-altitude pressure suits, effects of explosive decompression will be continued including pertinent basic research. Essential evaluation of toxicity of aviation fuels, propellants, and gases and protective equipment and techniques will be continued in pace with development, use or occurrence of such new toxic materials. Research in noise and vibration hazards to aviation flight and ground personnel will be made in order to evaluate, reduce, or prevent health hazards and prevent or reduce airerew fatigue. Research in protection against crash injury will continue from which it is expected tp provide design criteria for development of restraining harness and protective equipment to reduce or prevent injury to flight personnel under abrupt deceleration. It is also expected that improved designs of parachute harnesses will result in reducing the effects of high-speed, high-altitude openings on personnel.

Submarine and diving medicine

In fiscal year 1951, $344,000 was obligated for research in the field of submarine and diving medicine. Through experience gained with several experimental models a reasonably acceptable protection garment for submarine personnel has been developed. It is a one-piece, nylon, neoprene-coated, hooded, coverall with sealing-zipper closure, equipped with detachable, double-walled neoprene boots having a dead-space insulation maintained by wool pile. The hood is separate from the garment and for neck-closure protection is extended into a skirt incorporating a Mae-West type of life preserver; 500 of these suits are being tested under field conditions by submarine forces.

It is planned to obligate $409,000 in each of the fiscal years 1952 and 1953 for research in submarine and diving medicine. During this time it is expected that a population of 1,000 submarine personnel will have been examined for visual acuity and the study of changes from their original test results will be begun. This study will indicate whether or not submarine duty causes a decrease in visual acuity in all or only some individuals. This will also contribute to the establishment of visual standards for submarine service. A study of the effect of binoculars and other optical instruments on day and night visual acuity will be carried out. This information is expected to lead to improvement in the design and use of optical instruments for military purposes. Field tests by airplane, submarine, and surface vessels will be made of air-sea rescue detection colors under various conditions of visibility, distance, weather, and lighting. A study of the communication systems of the submarine from the human angle is planned with a view to reducing the sources of irritation as well as improving intelligibility. Work will continue in improving methods for submarine escape, including the design of exposure suits and a device which will be less complicated and easier to stow than the present escape appliance. It is expected that during fiscal years 1952 and 1953, studies of oxygen consumption and carbon-dioxide toxicity should be completed. Protective clothing will undergo continuous testing and study and modifications made as indicated for submarine personnel.

Field medicine and bioengineering

The Bureau obligated $288,600 for investigation and research in this field in fiscal year 1951. Phenomena involving substances found to protect tissue cells from freezing were uncovered in basic research, clarifying heretofore unknown processes of tissue injury, particularly in frostbite. This points to theories which must now be investigated for possible effect in preventing or diminishing severity of frostbite in military personnel. A method has been devised for the detection of freezing in tissue and the quantitative measure of its rate of progress. Exploratory studies were made and techniques developed for testing the relative efficiency of various chemical agents in offsetting the effects of cold. A report was completed on bare skin hazards from frostbite in escape from aircraft. Hand-operated larviciding sprayers were studied and improved designs were made for military use. Field studies better outlined the values of DDT as adulticide and larvicide and indicated improved methods for its use. A suit of lightweight-body armor for use by combat troops was designed, fabricated, and sent to Korea for actual combat trials. A suit of lightweight-body armor for use by jet pilots has been completed. Basic experimental designs have been worked out and prototype models made of a body armor for air crewmen. Prototypes of a new helmet with a new type suspension based on anatomical and physiological considerations has been made. A full-scale prototype model of a surgical operating trailer for field use has been constructed and evaluated. Extensive advancement has been made in orthopedic prosthetic research, including techniques, methods, materials, and devices for amputees. A few examples are: Plastic shins are now in routine use; design of improved suction-socket valves for artificial arms and legs; a pair of cosmetic feet have been constructed for poliomeylitis patients with severe atrophy of the feet. Tests and evaluations were made and reported on the handling and use of various plasma substitutes under severe conditions aboard ice breakers operating in the Arctic winter. It is hoped that by development of techniques already evolved plus additional basic studies on physical properties of nerve membranes, sufficient understanding may accrue to permit practical techniques for better handling of nerve injuries and improved efficiency through changes it might afford in personnel reaction time, comprehension, and education.

Field evaluation, in combat, will be conducted to determine the efficiency of a number of chemical agents in offsetting the effects of cold. There will be continuing design and redesign of orthopedic prosthetic devices for unusual amputation cases to better the status and efficiency of the amputee. An effort will be made to apply the development of the universal field medical trailer to the other requisites besides surgery, i. e., dental operating, dental prosthesis, epidemic disease control, and malaria control. Development and evaluation of improved methods of insect control will continue.

In fiscal year 1952, $306,000 will be obligated for field medical research and $367,000 is requested for 1953.

Dental medicine

A total of $34,100 was obligated for research in the field of dentistry in fiscal year 1951.

It is planned to obligate $37,000 in fiscal year 1952; and $73,000 in fiscal year 1953 for continuing research in this field. Efforts will continue to be expended on the use of the mouth as a contributory biologic means of assaying the effects of ionizing radiation, and detecting infections artificially seeded. Contributions to advanced methods of oral surgery, and construction of expendable equipment for field use by marines are anticipated. Expanded field tests on determination of the chewing ability of recruits by use of scientific electronic measuring devices is expected to reveal criteria which may be applied in determining the need of constructing dental prosthetic devices for recruits.

Special weapons medicine

The Bureau obligated $154,600 in fiscal year 1951 for research pertaining to medical defense against biological warfare agents. Due to the security classification of the projects being carried on in this field, no mention of specific accomplishments, either during the past year or current and future years is made herein. This material will be furnished separately if desired. The Bureau plans to spend $290,000 in fiscal year 1952 and $340,000 in fiscal year 1953 for continuing work in this field. In order to avoid duplication, the funds for special weapons medicine are used in a supportive manner to the Army Chemical Corps which has the primary responsibility in this area.

Atomic medicine

In fiscal year 1951, the Bureau obligated $435,000 for research in this important field. Significant accomplishments have been realized, namely: the design and production of a shock tube in which peak pressures and overpressures over a wide range can be produced. The duration of the overpressure can be controlled, after which a negative pressure can be introduced, thereby simulating the characteristics of the blast effect of an atomic bomb. The prototype of a tactical dosimeter with a range of 50 to 600 r. has been introduced. A technique for bone marrow cell counts has been perfected, whereby radiation injury to bone marrow can be evaluated. Fairly effective agents have been found for the decontamination of skin contaminated with radioactive materials. A small area, high intensity, radiation burn generator is under development. Perfection of this instrument will greatly enhance the studies of thermal burns incident to atomic bomb detonations. Definite leads have been gained in the search for therapeutic agents for radiation injury. In addition, the practicability of partial body shielding as a protective measure is being investigated.

The Bureau plans to spend $650,000 in fiscal year 1952, and $582,000 in fiscal year 1953 in this field. It is anticipated that in fiscal year 1952, tactical dosimeters (range 50–600 r., self-indicating type) will be available for distribution to service personnel (platoon leaders or their equivalents.) The completion of the radiocobalt irradiator is expected which will make possible laboratory experiments with radiations more nearly simulating those of an atomic bomb. In view of the possibility of more powerful atomic bombs, the problems of direct blast injury must be more properly evaluated due to the fact that with higher kilo tonnage, blast becomes more and more important. To cope with these developments, the development of blast study equipment suitable for use in field tests is expected.

In fiscal year 1953, completion of thermal burn studies, except for therapeutic aspects, is anticipated. Significant progress in more effective therapy is also anticipated. As an indirect result of the evalution of the blast hazard from atomic bomb detonations, it is probable that there will be adoption of antiblast protective measures in the design and construction of field installations, fox holes, etc. The perfection of satisfactory flash burn protective clothing is expected. Marked improvement is anticipated in a therapeutic regime for the handling of radiation casualties. Although encouraging leads have been encountered, no great optimism exists for the discovery of a specific remedy for radiation injury. However, it is not too much to expect that some pretreatment may be developed which may be suitable for special missions requiring significant exposures to ionizing radiation.

MEDICAL RESEARCH UNIT AT CAIRO, EGYPT

Mr. SHEPPARD. There is one aspect of this project 8A, "Direct costs," reflected on page 18–78 of the justifications that I would like to address myself to. I notice there is a naval medical research unit at Cairo, Egypt, reflected here. Will you pick that up, please?

Admiral PUGH. I can give you the fundamental mission of Cairo, and why we have a research unit at Cairo.

Mr. SHEPPARD. If you will, please.

Admiral PUGH. During World War II, there was a research unit at Cairo, Egypt, a group to study typhus fever which had broken out in that part of the world, and because of the relationship that developed between our people and the Egyptians we were asked to leave at Cairo something in the nature of a group of doctors. From that staff there developed a naval medical research unit, and it has been perpetuated.

That unit is engaged in the study of diseases which are indigenous to that part of the world, and there are certain conditions that are prevalent in the Near East that we feel it is extremely important for us to keep aware of. It can be carried out there better than it could be back here.

Mr. SHEPPARD. The committee has had this presentation before it previously, as far as that is concerned, but what I was getting at is why it is continued. Your experience has clearly indicated that the continuity of this project is necessary because of the security involved in that geographical area?

Captain SHILLING. That is right, sir.

INSTITUTE OF HUMAN RELATIONS, PHILADELPHIA

Mr. SHEPPARD. With reference to page 18–79 I note that under the Institute of Human Relations at Philadelphia, Pa., you reflect no requirements for 1953. What has happened to that operation?

Captain SHILLING. That is right. Being a single-package job, it has been completed.

OTHER PLANNED PROJECTS

Mr. SHEPPARD. Under other planned projects, with reference to your 1953 estimate you have $377,000 reflected here. Either off or on the record will you give us a summary of these projects.

Captain SHILLING. Yes. The other planned projects are 12 in number. We might insert this entire group in the record if it is desired.

Mr. SHEPPARD. Yes, insert that in the record so that it will be self-explanatory.

Captain CURETON. The first of these is the investigation of the safety factors involved in high performance aircraft, the sum of $20,000. Also an experimental study of objective grading system, $15,000.

Mr. SHEPPARD. Are there any new projects involved in this list that you have before you, as against those which are continuations?

Captain SHILLING. I think the newest is geomedical studies, $75,000. This pays for the epidemiology atlas which is being developed in Germany, covering the epidemiological features of the entire European area.

There is another one that is new, and different, disaster studies, $50,000, which is a joint project between the Army, the Navy, the Air Force, and Civil Defense, aimed at a complete study of the whole disaster problem to give us a better chance for accurate logistic planning, and we have all joined together in that work through the National Research Council.

Mr. SHEPPARD. And the amount of funds set forth in that particular category is $50,000?

Captain SHILLING. Yes, sir; that is right, $50,000.

Mr. SHEPPARD. Insert the balance of that list in the record at this point.

Captain SHILLING. Yes, sir.

(The matter referred to is as follows:)

New projects (contracts have not been let as yet)

	Project No.	1951 obligations	1952 estimates	1953 estimates
1. Investigation of safety factors involved in high performance aircraft				$20,000
2. Experimental study of objective grading system				15,000
3. Geomedical studies	005 060			75,000
4. Disaster studies for protection of fleet and shore-based personnel against nonconven.ional attack				50,000
5. Oral clinical studies on student populations involving seeded bacterial transmission				12,000
6. A systematic organization of empirical data on interpersonal phenomena				10,000
7. Psychiatric aspects of panic control in combat disasters				10,000
8. Survey of basic needs for training materials and techniques in the field of neuropsychiatric selection				30,000
9. Objective perceptual tests of personality				35,000
10. Dynamic properties of the behavior psychotics				35,000
11. Investigation of manic depressive reactions				10,000
12. Nonspecific urethritis in Marine Corps combat troops				75,000
Total				377,000

PRIVATE INDUSTRY ACTIVITIES

Mr. SHEPPARD. I call your attention to page 18–80 and I find there private industry activities, Kresge Eye Institute, Detroit, Mich., for which you have a request for $16,000 for 1953. I presume that is a private contract. Is that under research?

Captain SHILLING. That is under research; yes, sir.

Mr. SHEPPARD. What field of operation are they covering?

Captain SHILLING. They are working with the general problem of the detection of rapid movement by the eye, which is a vision problem. This group is well qualified to work on eye problems, and the problem there is to determine how one can with peripheral vision detect rapid movement. This is for the jet plane type of thing.

Mr. SHEPPARD. Yes.

Captain SHILLING. This is a contract piece of research.

UNIVERSITY AND NONPROFIT ACTIVITIES

Mr. WIGGLESWORTH. In your classification you give us one description as "University and nonprofit activities." What does that mean?

Captain SHILLING. This means that occasionally it is found that a university is better able to do a particular piece of research, and it would cost more to set it up within our own laboratories than to have them do it, so a contract is made with a university for this, or with another nonprofit organization, such as a laboratory which is operated solely for nonprofit research.

Admiral PUGH. These laboratories sometimes operate under funds made available by a philanthropic foundation such as the Rockefeller or Markle Foundation.

Mr. WIGGLESWORTH. I did not know what was meant by nonprofit activities.

Captain CURETON. The specific ones we had in mind include the National Research Council and the Institute of Human Relations.

Mr. WIGGLESWORTH. And you, in effect, make a contract with them just as you do for industrial or university projects?

Captain SHILLING. Yes; that is correct.

NUMBER OF PERSONNEL

Mr. WIGGLESWORTH. How much personnel do you have in this item?

Captain CURETON. The funds for personal services are detailed on page 18–82. The funds for 1953 are $382,100.

Mr. HICKEY. And 246 man-years.

Mr. WIGGLESWORTH. That is for 1952 or 1953?

Mr. HICKEY. For 1953. In 1952 there were 260 man-years.

Mr. WIGGLESWORTH. Is there military personnel in addition?

Mr. HICKEY. Yes, sir; there is military personnel in addition.

Mr. WIGGLESWORTH. What does that amount to?

Mr. HICKEY. I do not have the military personnel figures here with me, Mr. Wigglesworth.

Mr. WIGGLESWORTH. Please furnish that for both years for the record.

Mr. HICKEY. Yes, sir.

(The information requested is as follows:)

Statement of military personnel engaged in research

	Direct research		Indirect research	
	Fiscal year 1952	Fiscal year 1953	Fiscal year 1952	Fiscal year 1953
Officers	120	128	256	275
Enlisted	20	20	50	55

SUMMARY OF REQUIREMENTS

Mr. WIGGLESWORTH. You have given us a classification here in terms of activities and the dollars you want for each activity. Do you have anything in the nature of a project breakdown and the costs allocated to each?

Mr. HICKEY. Yes, sir. It is a rather long sheet. It can be supplied for the record if you wish it.

Mr. WIGGLESWORTH. You say this could be supplied for the record, or is this classified?

Mr. HICKEY. Yes, sir, it can be supplied for the record.

Captain CURETON. If you would like to insert the entire tabulation in the record the reporter has a copy of that sheet.

Mr. WIGGLESWORTH. I think we should put it in the record, if there is no objection, Mr. Chairman?

Mr. SHEPPARD. Yes, insert it in the record.

(The matter referred to is as follows:)

Analysis of direct research and development requirements, fiscal years 1951–53

	Project No.	1951 obligations	1952 estimates	1953 estimates
BUREAU MANAGED FACILITIES				
NMRI, Bethesda, Md:				
Biological studies underlying naval problems	NM-000018	$34,156	$49,000	$49,000
Psychological studies underlying naval problems	NM-000019	24,119	32,000	32,000
Studies in aviation physiology	NM-001056	166,171	181,000	26,000
Physiological adaptation of personnel to naval combatant environment	NM-004005	54,143	91,000	91,000
Physiological adaptation to extreme natural environments	NM-004006	79,129	124,000	117,000
Communicable diseases of naval importance	NM-005048	284,164	300,400	290,400
Medical defensive aspects of atomic warfare	NM-006012	254,167	360,000	302,000
Novel approaches to medical and surgical treatment of naval casualties	NM-007081	154,222	163,000	158,000
Oral medical research related to modern combatant methods	NM-008012	16,988	12,000	12,000
Subtotal		1,067,259	1,312,400	1,077,400
MMRU No. 1, Berkeley, Calif.: Participation in University of California research on airborne infectious diseases	NM-005049	16,017	16,000	16,000
NMRU No. 3, Cairo, Egypt:				
Preventive medical aspects of diseases endemic in Africa and Middle East	NM-005050	49,727	50,000	50,000
Clinical aspects of diseases endemic in Middle East	NM-007082	30,161	30,000	30,000
Subtotal		79,888	80,000	80,000
NMRU No. 4, Great Lakes, Ill.: Control of epidemic and streptococcal diseases in naval recruits	NM-005051	100,112	125,000	125,000
NMRL, subbase, New London, Conn.:				
Development and trial of protective clothing for submarine personnel	NM-002013	10,063	15,000	15,000
Human engineering studies of submarine equipment design	NM-002014	19,937	34,000	34,000
Physiological adaptation of submarine and diving personnel	NM-002015	170,117	119,000	119,000
Physical standards for submarine personnel	NM-003041	61,526	88,000	88,000
Subtotal		261,643	256,000	256,000
NMFRL, Camp Lejeune, N. C.:				
Expeditionary aspects of preventive medicine	NM-005052	49,876	62,000	62,000
Personal and protective equipment for amphibious troops	NM-006013	25,234	----------	----------
Survival and rescue techniques peculiar to amphibious operations of marine troops	NM-006014	10,007	----------	----------
Improved methods and equipment for care of casualties in amphibious warfare	NM-007083	44,026	----------	----------
Subtotal		129,743	62,000	62,000
Naval hospitals: Clinical research (includes prosthetic research for amputees, NM-007084)	NM-007084, NM-007085, NM-007086, NM-007087, NM-007088, NM-007089, NM-007090, NM-007091, NM-007093	198,484	196,800	116,800
Dental dispensary, NTC, Great Lakes, Ill.: Preventive oral medicine (epidemiology, diagnosis, and prognosis)	NM-008013	5,107	9,000	13,000
Total, Bureau Managed Facilities		1,858,253	2,057,200	1,746,200
OTHER NAVAL FACILITIES				
School of Aviation Medicine, Pensacola, Fla.:				
Physical standards for aviation personnel	NM-001057	10,124	12,000	12,000
Training and reeducation techniques for aviation personnel	NM-001058	9,876	12,000	12,000
Physiological adaptation of flight personnel	NM-001059	84,994	107,000	107,000
Subtotal		104,994	131,000	131,000
Aeronautical Medical Equipment Laboratory, Philadelphia, Pa.: Aviation injury and crash studies	NM-001062	38,695	40,000	40,000
Naval Radiological Defense Laboratory, Shipyards, San Francisco, Calif.: Research in the application of medical principles of atomic warfare	NM-006015	225,305	320,000	280,000

Analysis of direct research and development requirements, fiscal years 1951–53—Continued

	Project No.	1951 obligations	1952 estimates	1953 estimates
OTHER NAVAL FACILITIES—continued				
Aviation Medical Acceleration Laboratory, Johnsville, Pa.: Acceleration and deceleration studies with the human centrifuge	NM-001060	$126,003	$130,000	$130,000
Total, Other naval facilities		3,494,997	621,000	581,000
OTHER GOVERNMENT FACILITIES				
Naval unit, Army Chemical Corps, Camp Detrick, Md.: Medical defensive aspects of biological warfare	NM-005053	75,123	130,000	130,000
Naval unit, Army Chemical Corps, Edgewood Arsenal, Md.: Health hazards of military chemicals and casualty treatment therefor	NM-005054	29,998	62,000	62,000
U. S. Departmentof Agriculture, Washington, D. C.: Studies on insects of medical importance	NM-005055	24,508	38,000	
Total, other Government facilities		129,629	230,000	192,000
UNIVERSITY AND NONPROFIT FACILITIES				
Tulane University, New Orleans, La.:				
Influence of the nonauditory labyrinth on the effective function of the human organism	NM-001063		31,000	31,000
Selection and training research on aviation personnel	NM-001077			8,000
Investigation of variables determining interpersonal relations in functional groups	NM-004014			35,000
Subtotal			31,000	74,000
University of Pennsylvania, Philadelphia, Pa.: Metabolism of the heme compounds	NM-001065		6,000	6,000
Ohio State University, Columbus, Ohio: Research in voice communication	NM-001064		31,000	31,000
University of California, Berkeley, Calif.:				
Airborne infectious diseases	NM-005056	69,509	160,000	160,000
Oral studies on rapid detection and drug sensitivity of BW agents	NM-005064			33,000
Subtotal		69,509	160,000	193,000
Emory University, Atlanta, Ga.:				
Dynamics of the circulation and the mechanics of circulating adjustment under normal and abnormal conditions	NM-001050		9,000	9,000
Neurophysiology of the vestibular system	NM-001066		12,000	12,000
Subtotal			21,000	21,000
Cornell University, Ithaca, N. Y.: Crash injury research	NM-001067		12,000	12,000
St. Louis University, St. Louis, Mo.: Psychiatric evaluation and assessment of Marine Corps officer candidates	NM-004015			40,000
Princeton University, Princeton, N. J.: Exploratory studies in the understanding of psychiatric disorders	NM-004019			20,000
National Research Council:				
A study to improve methods for selection and training of aviators	NM-001023		37,000	5,000
Scientific consultation service (medical)	NM-014001	40,198	70,000	50,000
Chemical biological coordination services	NM-014002			20,000
Subtotal		40,198	107,000	75,000
Institute of Human Relations, Philadelphia, Pa.: Research leading to revision of the biographical inventory	NM-001071	25,286	31,000	
New projects (contracts have not been let as yet):				
Investigation of safety factors involved in high performance aircraft				20,000
Experimental study of objective grading system				15,000
Geomedical studies	NM-005060			75,000
Disaster studies for protection of fleet and shore-based personnel against nonconventional attack				50,000
Oral clinical studies on student populations involving seeded bacterial transmission				12,000
A systematic organization of empirical data on interpersonal phenomena				10,000

	Project No.	1951 obligations	1952 estimates	1953 estimates
UNIVERSITY AND NONPROFIT FACILITIES—continued				
New projects—Continuhd				
Psychiatric aspects of panic control in combat disasters				$10,000
Survey of basic needs for training materials and techniques in the field of neuropsychiatric selection				30,000
Objective perceptual tests of personality				35,000
Dynamic properties of the behavior psychotics				35,000
Investigation of manic-depressive reactions				10,000
Nonspecific urethritis in Marine Corps combat troops				75,000
Subtotal				377,000
Total, university and nonprofit facilities		$134,993	$399,000	849,000
PRIVATE-INDUSTRY FACILITIES				
Dunlap & Associates, New York, N. Y.: Analysis of data on tests for pilot selection	NM-001069		9,000	
Kresge Eye Institute, Detroit, Mich.: Visual perception of moving objects	NM-001075		16,000	16,000
Total, private-industry facilities			25,000	16,000
Total, direct research		2,617,872	3,332,200	3,384,200
Development facilities (Armed Services Medical Procurement Agency)		96,750	115,800	115,800
Grand total, direct research and development		2,714,622	3,448,000	3,500,000

Mr. WIGGLESWORTH. That is all, Mr. Chairman.

INDIRECT COSTS

Mr. SHEPPARD. All right, gentlemen, we will pick up project No. 8–B, indirect costs. The estimate for 1953 is $928,000 against an estimate for 1952 of $938,000, showing a decrease of $10,000.

Admiral PUGH. This program provides for all indirect costs of medical and dental research programs being carried on in facilities under the cognizance of the Bureau of Medicine and Surgery, as well as other naval facilities. It also provides for the Navy's pro rata share of maintenance costs of the Armed Services Medical Procurement Agency development facilities. Indirect costs are defined as all costs which cannot be readily identified with a single research problem, or which benefit more than one problem. Included are: Salaries of all supervisory and administrative civilian employees; costs of all clerical and nontechnical employees engaged in maintenance and upkeep of buildings and grounds; power and other utilities; station communications; contractual services and materials used for maintenance purposes; major (plant account) equipment; and those printing and reproduction and civilian travel costs which are not related directly to a specific research problem.

Mr. SHEPPARD. Present your justification, please.

Captain CURETON. Estimates for this program are based upon the assumption that indirect expenses will be substantially on the same level as those estimated for fiscal year 1952. The only change is a decrease of $10,000 due to a reduction of funds required in bureau-managed activities that are conducting direct research.

ARMED SERVICES MEDICAL PROCUREMENT AGENCY DEVELOPMENT FACILITIES

Mr. SHEPPARD. I see reflected on page 18–81 that you refer to your pro rata share of the maintenance costs of the Armed Services Medical Procurement Agency development facilities. What is that?

Captain CURETON. That is a Division of the Armed Services Medical Procurement Agency, this Division being physically located at Fort Totten, where the actual developmental work in connection with new items of medical equipment is done. That is primarily engineering, and to some extent shop work in connection with the development of new items which have no civilian application which would justify any commercial outfit to do similar engineering.

Mr. SHEPPARD. In other words, it is exclusively a military requirement?

Captain CURETON. That is correct, sir.

CONTENT OF INDIRECT COSTS

Mr. WIGGLESWORTH. What is included in indirect costs?

Admiral PUGH. The costs of the maintenance of the research facilities aside from the actual money spent for the research project itself.

Mr. WIGGLESWORTH. This is all maintenance?

Admiral PUGH. No, it is not all maintenance.

Mr. HICKEY. There is a definition on page 18–81. Midway through the first paragraph it states:

> Included are: Salaries of all supervisory and administrative civilian employees; costs of all clerical and nontechnical employees engaged in maintenance and upkeep of buildings and grounds; power and other utilities; station communications; contractual services and materials used for maintenance purposes; major (plant account) equipment; and those printing and reproduction and civilian travel costs which are not related directly to a specific research problem.

PERSONNEL

Mr. WIGGLESWORTH. What is the situation at three of these projects where nothing is requested for personal services, but where money is requested for maintenance and operation?

Mr. HICKEY. The only personnel that are provided here are people engaged in direct research. We do not provide at these three activities any personnel engaged in maintenance or other activities which are not directly related to research.

For example, at Camp Detrick, Md., it is an Army camp at which all of the maintenance and clerical functions are provided by the Army.

Mr. WIGGLESWORTH. How much personnel is in this item?

Mr. HICKEY. A total of 131 civilian employees for 1953 and 137 employees in 1952.

Mr. WIGGLESWORTH. That is over and above, or included in the figures you gave us under 8–A?

Mr. HICKEY. That is in addition to those figures.

Mr. WIGGLESWORTH. Is there military personnel here too?

Mr. HICKEY. Yes, sir.

Mr. WIGGLESWORTH. Do you have the number?

Captain CURETON. In fiscal year 1953, there will be 275 officers and 55 enlisted personnel in indirect research.

Mr. HICKEY. There are no military personnel costs in these indirect costs.

Mr. WIGGLESWORTH. There will not be any military personnel in indirect costs?

Mr. HICKEY. No, sir. These indirect costs are for just civilian employees.

Mr. WIGGLESWORTH. That is all, Mr. Chairman.

INDUSTRIAL MOBILIZATION AND PROCUREMENT PLANNING

Mr. SHEPPARD. All right, gentlemen, we will pick up budget activity No. 9, "Industrial mobilization and procurement planning," for which the estimate in 1953 is $89,000, the same as for 1952.

UNEXPENDED BALANCES

As of December 31, 1951, obligations and commitments were $84,000; the unexpended balance was $73,285.

Admiral PUGH. This activity provides for the Navy's pro rata share of one-third of the operating expense of "Industrial mobilization and procurement planning" within the Department of Defense. The effort expended in this connection is directed toward the planning, coordination, supervision, and execution of assigned projects and industrial preparedness measures. These functions are so geared as to conform to the strategic and logistic plans of each Surgeon General and of the three armed services as well as those of the Munitions Board. The work in this connection has been delegated to and is carried on by the Industrial Mobilization and Procurement Planning Division of the Armed Services Medical Procurement Agency, Brooklyn, N. Y., and two field planning offices; one located at the Chicago, Ill., Quartermaster depot, and the other at the naval medical supply depot, Oakland, Calif.

It is necessary to insure the success of the industrial mobilization and procurement planning program by providing qualified personnel and by placing adequate equipment, supplies and materials at their disposal. Such personnel will plan, coordinate, direct, and supervise the procurement of new bills of materials from private industrial sources. Moreover, they are responsible for the computation and the reporting to higher headquarters the requirements for raw, basic, or semiprocessed materials and common components. Also, such personnel are required to develop the general size, scope, and character of industrial construction; the requirements for and reports to the Munitions Board pertaining to war reserves and additional facilities, in addition to computing phased manpower requirements.

Mr. SHEPPARD. This is a continuing operation that we have had before us in several past budgets, is it not?

Admiral PUGH. Yes, sir, it is.

Mr. SHEPPARD. Has there been anything injected into this procedure that has not heretofore been under consideration by the committee?

Admiral PUGH. Nothing, sir.

Mr. WIGGLESWORTH. Just what is done with these funds?

Captain CURETON. This is to cover the Navy's one-third share of the operation of the industrial mobilization function of the Armed Services Medical Procurement Agency in Brooklyn. They do mobilization studies to plan, coordinate, direct and supervise procurement of new supplies or material from private industrial sources, and develop new sources, or additional sources, which have previously been unknown to the military procurement office.

DEPARTMENTAL ADMINISTRATION

Mr. SHEPPARD. All right, gentlemen, we will pick up budget activity 10, "Departmental administration," in which your projected estimate for 1953 is reflected as being a total of $2,401,000. Your estimate for 1952 was $2,234,000, which reflects an increase or plus of $167,000.

Will you present your justification, please, Admiral?

UNEXPENDED BALANCE

Admiral PUGH. The obligations and commitments for activity 10 as of December 31, 1951 were $2,018,710 and the unexpended balance as of the same date was $1,268,481. This program provides for the administrative expense of the Bureau of Medicine and Surgery, including personal services, rental of office machines, supplies, furniture and equipment, travel of military and civilian personnel. printing and reproduction and communications. Exclusive of military pay, it reflects the total operating cost of the Bureau of Medicine and Surgery.

PERSONNEL SERVICES REQUIREMENT

Mr. SHEPPARD. All right, now, will you give us the justification for personal services.

Captain CURETON. Personal services represents a total of 490 civilian man-years in fiscal year 1953. That is compared with 468 man-years in the fiscal year 1952. There is an increase of 22 for the technical function of the medical supply system. There is reflected an increase in the man-year figure on page 18–89 for planning and logistics from 97 man-years in 1952 to 119 man-years in 1953.

ADDITIONAL PERSONNEL RELATED TO TRANSFER OF MEDICAL SUPPLY FUNCTIONS

Mr. SHEPPARD. That is referring to the 22 personnel that we have discussed at great length heretofore?

Captain CURETON. That is correct. I would like at this point to insert a paragraph from page 18–87 of the justifications.

A directive from the Secretary of the Navy of May 11, 1951, addressed to the Bureau of Medicine and Surgery and the Bureau of Supplies and Accounts divided medical and dental material technical and supply functions and assigned the former to the Bureau of Medicine and Surgery and the latter to the Bureau of Supplies and Accounts, thus precluding the possibility of continuing the aforementioned skeleton organization, and preventing the employment of the same personnel to perform both the technical and supply functions.

Mr. SHEPPARD. The reason for the prevention is because you have removed from the operation of the individuals that you are referring to a certain aspect of the work?

Captain CURETON. That is correct.

Mr. SHEPPARD. And you have to maintain the same personnel in order to function in another and an immediate capacity?

Captain CURETON. That is correct.

Mr. SHEPPARD. So you are losing perhaps 50 percent of their ability to produce, or whatever the percentage may be. It is a loss in this kind of situation?

Captain CURETON. That is correct.

Mr. SHEPPARD. Is there anything in this particular presentation, aside from the personnel to which we have just addressed ourselves, that is new?

Admiral PUGH. This is the only new feature.

Mr. FERNANDEZ. How much in dollars and cents is represented by the 22 men you will be forced to employ?

Mr. HICKEY. $73,600.

Mr. FERNANDEZ. Is there any additional money required to be expended by reason of that directive?

Mr. HICKEY. None so far as we are concerned.

Mr. WIGGLESWORTH. I notice increases for civilian travel, for military travel, for office operations, and for printing and reproduction. Are those directly related to these 22 people that we have been talking about?

Mr. HICKEY. Part of it is.

Mr. WIGGLESWORTH. How much?

Mr. HICKEY. It would be part of the increase shown in each case under planning and logistics.

Mr. WIGGLESWORTH. That is roughly $116,000?

Mr. HICKEY. I think $126,000 is the total increase for planning and logistics.

Mr. WIGGLESWORTH. Should you not add the $126,000 to the $73,000?

Mr. HICKEY. The $73,000 is for the salaries of the 22 additional man-years.

Captain CURETON. The $73,000 was included in the $126,000.

Mr. WIGGLESWORTH. It would be?

Mr. HICKEY. Yes; it would be.

Mr. WIGGLESWORTH. But we should add $53,000, or thereabouts, to the $73,000 you have given us to get the total cost of these 22 men?

Mr. HICKEY. That is correct.

Mr. WIGGLESWORTH. Why, if it took 22 men to do two jobs, does it take 22 men to do one job?

Captain CURETON. There is not a directly proportional increase.

Mr. WIGGLESWORTH. How many did you transfer to the Bureau of Supplies and Accounts?

Mr. HICKEY. In 1952 they received a comparative transfer of 797 of those employees and 12 were justified in our activity, 5–A, under Medical Supply Administration, making a total of 809.

The 22 are in addition to the 809.

Captain CURETON. Of the 797, more than 22 were doing the combined functions.

Mr. WIGGLESWORTH. How many did it take to do the combined function?

Mr. HICKEY. 809, sir.

Captain CURETON. I will have to obtain that breakdown and supply it for the record.

(The material referred to is as follows:)

The combined technical and supply functions have heretofore been carried on at the naval medical matériel office in Brooklyn, N. Y. For fiscal year 1952 a total of 122 civilian man-years of employment are required for that office. In addition 18 man-years of employment were provided for the Matériel Division of the Bureau of Medicine and Surgery. The latter number were to perform purely technical functions. This provided a total of 140 man-years in fiscal year 1952 to perform combined technical and supply functions.

In fiscal year 1953 were the combined operations to be continued, there would be a requirement for an additional 17 man-years due to increased workload in the combined functions.

Under the budget concept of a separation between the technical functions and the supply functions a comparative transfer was accomplished whereby 138 man-years were dropped from the Bureau of Medicine and Surgery field budget and 40 man-years were established in the Matériel Division of the Bureau of Medicine and Surgery and 1 man-year at the naval medical matériel office to provide a total of 41 man-years to perform the technical functions of the stock control and requirements review functions of the medical supply system.

Under the above concept the total requirement for a combined operation in fiscal year 1953 would be 157 man-years. The total requirement for performance of supply and technical functions as a separate operation is 179 man-years. The net increase of 22 man-years is reflected in activity 10 departmental administration.

Under the appropriation "Service-wide supply and finance" the matériel control activity No. 2 shows an average 5-percent increase in efficiency which offsets the increase under the appropriation "Medical care, Navy."

OFFICE OPERATIONS

Mr. WIGGLESWORTH. What do you mean by office operations?

Mr. HICKEY. Office operations include such things as utilities, communications, rental of office equipment, office supplies, and when I say rental of office equipment, I mean tabulating machines, and purchase of office supplies and equipment.

Mr. WIGGLESWORTH. Why do you need to go from $136,000 to $188,000 for those operations?

Mr. HICKEY. There are largely two things involved here. Our experience cost in the fiscal year 1951 was considerably higher, at $194,000, which was reduced to $136,000 in 1952. In addition to that, we are adding these 22 additional personnel for whom office operations must be provided.

Mr. WIGGLESWORTH. It seems to me that you are increasing all your items over and above what is required for the 22 additional personnel.

Mr. HICKEY. Every one of these items is very strictly controlled. I think it should be borne in mind that of our departmental operations as a total, more than a third are concerned with medical records and physical qualifications of personnel and medical statistics rather than normal overhead operations, as departmental administration is generally considered.

DEPARTMENTAL ADMINISTRATION TRAVEL

Mr. WIGGLESWORTH. That does not explain the civilian travel or the military travel increases; does it?

Admiral PUGH. It does to some extent, or at least travel is tied in with that activity. The bulk of the records are stored at Garden

City, N. Y., and there is considerable travel between our Bureau and Garden City, N. Y. There is considerable traffic in the records, too.

Mr. HICKEY. Actually, the apparent increase—you will notice that it is holding fairly steady in 1952 and 1953. The big increase came in 1951 and 1952, and that came about because of the big increase in the per diem allowance from $7 to $9 per day.

COST OF ADMINISTRATION

Mr. SHEPPARD. Gentlemen, the total appropriation within your cognizance in 1952 is $157,880,000; is that correct?

Mr. HICKEY. Yes.

Mr. SHEPPARD. What was your percentage cost for administering that amount of money?

Mr. HICKEY. Approximately 2 percent.

Mr. SHEPPARD. For 1953 your total covers $138,695,000; is that correct?

Mr. HICKEY. That is correct.

Mr. SHEPPARD. What do you anticipate your administrative cost to handle that amount of money will be?

COMPARATIVE DATA ON TRANSFER OF MEDICAL-SUPPLY WORK

Captain CURETON. That will approximate 2 percent also.

Mr. SHEPPARD. I wish, for the benefit of getting a consolidated and compact view of some of your mathematics here, that at this point you would put in the record a small recapitulation of the "before and after" situation on the directive on medical-supply operations in terms of dollars and personnel.

(The material referred to is as follows:)

Analysis of Bureau responsibility—Medical-supply system

	Bureau of Supplies and Accounts requirements				Bureau of Medicine requirements				Total requirements			
	Man-years	Personnel funds	Other funds	Total funds	Man-years	Personnel funds	Other funds	Total funds	Man-years	Personnel funds	Other funds	Total funds
Fiscal year 1951:												
Naval Medical Matériel Office, Brooklyn	63	$210,571	$185,289	$395,860	1	$5,600	$9,120	$14,720	64	$216,171	$194,409	$410,580
Medical supply depot, Edgewater	284	927,769	536,132	1,463,901	5	14,095	56,352	70,447	289	941,864	592,484	1,534,348
Medical supply depot, Oakland	194	692,286	243,937	936,223	4	13,400	32,001	45,401	198	705,686	275,938	981,624
Departmental (Matériel Division)					11	37,137	13,242	50,379	11	37,137	13,242	50,379
Total	541	1,830,626	965,358	2,795,984	21	70,232	110,715	180,947	562	1,900,858	1,076,073	2,976,931
Fiscal year 1952:												
Naval Medical Matériel Office, Brooklyn	121	400,381	167,862	568,243	1	5,600	7,040	12,640	122	405,981	174,902	580,883
Medical supply depot, Edgewater	390	1,193,566	489,345	1,682,911	6	17,140	48,200	65,340	396	1,210,706	537,545	1,748,251
Medical supply depot, Oakland	286	937,822	219,394	1,157,216	5	16,900	63,750	80,650	291	954,722	283,144	1,237,866
Departmental (Matériel Division)					18	66,674	17,517	84,191	18	66,674	17,517	84,191
Total	797	2,531,769	876,601	3,408,370	30	106,314	136,507	242,821	827	2,638,083	1,013,108	3,651,191
Fiscal year 1953:												
Naval Medical Matériel Office, Brooklyn	138	457,143	73,475	530,618	1	5,800	4,300	10,100	139	462,943	77,775	540,718
Medical supply depot, Edgewater	404	1,383,227	291,400	1,674,627	6	17,800	48,100	65,900	410	1,401,027	339,500	1,740,527
Medical supply depot, Oakland	262	929,900	192,535	1,122,435	5	17,400	63,600	81,000	267	947,300	256,135	1,203,435
Departmental (Matériel Division)					40	140,284	45,274	185,558	40	140,284	45,274	185,558
Total	804	2,770,270	557,410	3,327,680	52	181,284	161,274	342,558	856	2,951,554	718,684	3,670,238

Mr. SHEPPARD. May I say to you, Admiral and your associate officers, that it has been a very agreeable element of time that we have spent with you in reviewing your budget. Your responses to the interrogations on the part of the committee have been very fair and understandable.

Admiral PUGH. I want to say that never since I have been connected with the Bureau of Medicine and Surgery, as Deputy Chief or as Chief of the Bureau, has so much time been spent by this committee in reviewing the budget of the Medical Department of the Navy.

I think this certainly reflects an appreciation on the part of the committee of the fact that, although our budget is small—approximately only 1 percent of the money that the Navy Department will request—we do have the responsibility for the protection, preservation, and restoration of a very important resource. It is an important resource and one that may come quite cheaply, but it also may cost a good deal of money, depending upon whether we are preserving or trying to restore it to the people.

I am sure that I voice the sentiments of my associates when I express my deep appreciation to you, and to the other members of the committee, for the patience that you have shown and for all the considerations that you have given us.

Mr. SHEPPARD. Insofar as the members are concerned, I am sure that you have not stretched our patience at all. It has been a very interesting hearing; and while, proportionately speaking, your estimate is small as compared to the total request, nevertheless, it has to do with a most vital aspect of the operations. The physical welfare of the men and women who are performing their respective functions within the military must be such that they are able to perform them properly.

I wish you gentlemen every success in all the aspects in which you are applying your profession.

FRIDAY, MARCH 14, 1952.

SHIPBUILDING PROGRAM

WITNESSES

ADMIRAL WILLIAM M. FECHTELER, UNITED STATES NAVY, CHIEF OF NAVAL OPERATIONS
REAR ADM. HOMER N. WALLIN, UNITED STATES NAVY, CHIEF OF BUREAU OF SHIPS
REAR ADM. WILSON D. LEGGETT, UNITED STATES NAVY, DEPUTY AND ASSISTANT CHIEF OF BUREAU OF SHIPS
CAPT. CORNELIUS S. SEABRING, UNITED STATES NAVY, FISCAL DIRECTOR
CAPT. HERBERT GATES, UNITED STATES NAVY, DIRECTOR, RESEARCH AND DEVELOPMENT, PLANNING DIVISION
CAPT. CHARLES J. CATER, UNITED STATES NAVY, ASSISTANT CHIEF, BUREAU OF ADMINISTRATION
REAR ADMIRAL EDWARD A. SOLOMONS, UNITED STATES NAVY, DEPUTY COMPTROLLER
CAPT. RAYMOND O. BURZYNSKI, UNITED STATES NAVY, DIRECTOR, MANAGEMENT CONTROL DIVISION
CAPT. JOHN R. MOORE, UNITED STATES NAVY, DIRECTOR, FACILITIES DIVISION
CAPT. GILBERT L. COUNTRYMAN, UNITED STATES NAVY, DIRECTOR, ELECTRONICS LOGISTICS DIVISION
BERNARD S. ALFORD, DEPUTY FISCAL DIRECTOR
LT. COMDR. DANIAL K. HERRICK, SUPPLY CORPS, UNITED STATES NAVY, ADMINISTRATIVE ASSISTANT, FUEL DIVISION, BUREAU OF SUPPLIES AND ACCOUNTS
REAR ADM. MAURICE E. CURTS, UNITED STATES NAVY, ASSISTANT CHIEF OF NAVAL OPERATIONS (READINESS)
CAPT. WILLIAM L. HOFFHEINS, UNITED STATES NAVY, DIRECTOR, FLEET MAINTENANCE DIVISION, OFFICE OF DEPUTY CHIEF OF NAVAL OPERATIONS (LOGISTICS)
CAPT. IRA H. NUNN, EXECUTIVE ASSISTANT AND SENIOR AIDE TO THE CHIEF OF NAVAL OPERATIONS
REAR ADM. EDWARD W. CLEXTON, UNITED STATES NAVY, ASSISTANT COMPTROLLER, DIRECTOR OF BUDGET AND REPORTS
REAR ADMIRAL ELMER E. YEOMANS, UNITED STATES NAVY, DIRECTOR, LOGISTICS, PLANS DIVISIONS

Mr. SHEPPARD. All right, gentlemen, the committee will come to order. We have reached that portion of the bill that has to do with the appropriations for the Bureau of Ships, and we have with us this morning Admiral Fechteler, Chief of Naval Operations, Admiral Wallin, Chief of the Bureau of Ships, and their associate officers.

GENERAL STATEMENT

Do you have a general statement you wish to make at this time, Admiral Fechteler?

Admiral FECHTELER. Yes, Mr. Chairman; I would like to justify the need for each item that is proposed in this appropriation bill.

Mr. SHEPPARD. Very well, proceed with your statement, and we will not interrupt you unless it becomes absolutely necessary, until you have completed it.

Admiral FECHTELER. Thank you, sir.

FORRESTAL CLASS CARRIER

The first item is the construction of a second large carrier. When Admiral Sherman testified last year in support of the first large carrier he stated that we wished to start one such ship with a view to requesting others when plans for the first had crystalized and we were convinced we had a workable and satisfactory ship.

Those plans have crystalized and the ship is now known to be what we want and need.

The keel of this ship, to be named the *Forrestal*, is planned to be laid in October 1952.

The record of carrier task force operations in World War II, plus the current Korean conflict attests their indispensability to discharge basic naval missions, with which you gentlemen are all familiar.

Never has naval power attained such undisputed offensive capabilities as by the exploitation of naval air power. This has been achieved by an aggressive, orderly development of the best possible ships, weapons, and aircraft. Since the year 1946, the Navy has kept pace with the advancement of aircraft of higher speeds, greater weights and longer ranges by means of carrier conversions. In other words, we accomplished it by the most expeditious and most economical means possible.

Today we are faced with a situation whereby we can no longer improve our World War II aircraft carriers such that they will fully meet the needs of future operations. There is a limit to any improvement, as I am sure all of you understand. It boils down to the fact that we cannot use efficiently and properly a 1938 model carrier when the planes are of the 1955 or 1960 vintage, regardless of how much improvement is made.

There is at present one *Forrestal* class ship being built under the 1952 appropriation. Today we are asking for a second one, as we feel very sure that this type of vessel must become our principal class of aircraft carrier in order for the Navy and naval aviation to carry out its necessary functions.

I am sure that you have all heard many and various reasons why at this time the Navy has decided it needs a ship of this size to accomplish its mission. Today I would like to take a few minutes of your time and show you the basic reasons why this class of vessel is necessary.

WEIGHTS OF AIRCRAFT

First, let us take the weights of aircraft. The weights have been steadily progressing in an upward direction since the *Essex* class carriers were laid down. The upward trend became even sharper with the introduction of jet aircraft which burn aviation fuel at a rate of over three times the normal reciprocating engine rates. In order to get any range at all, it has been necessary to put more gasoline in each airplane. In order to carry this additional gasoline the plane has become larger, thus increasing in weight. A look at airplane weights will show that if we are to continue the development of aircraft of higher performance and longer range in order to carry out our missions, we must have stronger decks. This we can do in the *Forrestal* class, and unless we severely penalize any conversion we will be forced to use inferior aircraft because the deck can no longer

be improved, particularly the modern-type flight decks of the *Essex* class of which we have a large number.

INCREASED AVIATION FUEL REQUIREMENTS

The second basic reason is aviation fuel. As I have explained, the introduction of jets has caused the aviation fuel requirements to more than triple. We have partially solved this problem in conversions by a means of fuel blending. This process of fuel blending involves blending high-octane gasoline with a low flash point type of kerosene which can be carried outside protected stowage. This resulting mixture of aviation fuel can be burned in jet engines. I said we have partially remedied the situation and by that I mean that we had to utilize some black oil stowage, which determines the cruising radius of a ship, and convert it to carry the heavy end aircraft fuel, the kerosene, thus increasing the amount of aviation fuel available, but at the expense of cruising radius. Once again we have come to the point where this improvement is no longer efficient. We have reduced the cruising radius as low as possible, and we have barely provided sufficient aviation fuel to hold us for the next 2 or 3 years of aircraft improvement.

RATE OF LAUNCHING OF AIRCRAFT

The third item which we must take into account is the rate of launching aircraft. All our present carriers were designed for an era in which most planes were deck-launched. Thus they took off under their own power. This permitted shorter intervals between planes than in catapult launchings. Also, up until recently, air defense has been provided primarily by fighters aloft on 3-hour combat air patrol. In other words, there was a constant covey of defensive fighters always in the air. These fighters were supplemented by launching a smaller number of fighters, which had equal endurance, as the enemy raids approached.

By 1954, however, because of our switch to jets, which would require longer and longer decks for conventional take-off, we plan on using catapults for launching all fighter-type aircraft. These fighter-type aircraft will be jets which have less endurance, if they were used as a normal combat air patrol. As it will be quite impossible to launch and recover continuously to maintain a constant air patrol, it is believed that we will have to rely primarily on the rapid launch of large numbers of fast-climbing interceptors which will be launched as enemy raids develop.

Further, to get the maximum climb and speed for air defense, fighter fuel loads must be reduced.

I would like to have this off the record.

(Discussion off the record.)

Admiral FECHTELER. On the record.

The *Forrestal* type carrier excels for operations of this type because it has four catapults. These 4 catapults would permit the launching of as many as 32 interceptors in as little as 4 minutes, which might mean the difference between victory or defeat in stopping a raid. If one of the *Forrestal*'s catapults is out of order, the reduction is only 25 percent, because there are still three left, and on the existing carriers, however, which only have two catapults, if you lose one of them you have lost 50 percent of your launching capability.

It is quite impossible to install additional catapults on a ship that was designed for two. There is not enough moment or weight compensation, let alone enough deck area to install them in the same manner as in the new *Forrestal* type.

INCREASED AVIATION ORDNANCE STOWAGE SPACE

Now, the fourth item is aviation ordnance stowage space. The existing carriers were designed for planes which would carry not over a ton of bombs or rockets. Our present single engine attack type plane, the AD, can carry over 4½ tons and is regularly carrying 3 tons in Korea today. As a result, our present carriers, even when converted, have just barely enough space for aircraft ordnance needed today, that is in 1952.

While we do not anticipate any further increase in tonnage per plane, we are getting into new weapons which require more space per ton. These items include atomic weapons, guided missiles, and a new series of conventional bombs with long streamlined shapes which do not stack as efficiently as the blunt-ended cylindrical types.

All the ordnance and all the gasoline compete for space in the armored box of the carrier, and, as you realize, in existing carriers this box is just so big. We cannot increase it. This means that space is a controlling factor and a new ship is required if we are to improve the situation.

In the fully converted carriers at present, we can barely make enough room for a minimum stock of guided missiles, while in the large carriers we will have ample room for three times this quantity.

Also, in the converted carrier we have the minimum amount of 20-millimeter ammunition or rockets over the projected 1954 needs. We do expect that the consumption of these items will grow and in the large new carrier we have provided for about one-third additional growth in 20-millimeter ammunition and about 20 percent growth for rockets.

Our largest tonnage requirements for ordnance do not arise when we operate long-range aircraft from the carriers. It is when we operate many small planes at shorter ranges, such as in Korea, that this large tonnage is needed. For our largest and fastest attack type aircraft will expend an average of about 35 tons per month, while the three smaller types, which would fit in the same space as the larger plane, would normally expend about 135 tons at shorter range during the same period. Thus we need this expanded ordnance space on the large carriers primarily for short-range tactical operations.

GROWTH IN SIZE OF AIRCRAFT

Our fifth item is the growth in size of aircraft. I am sure all you gentlemen realize that our carriers normally operate over 100 aircraft each. This of course depends on the types and sizes.

Approximately one-half of these aircraft are stowed in the hangar deck. If the hangar deck is not of sufficient size or the elevators which carry the planes from the flight deck to the hangar deck are not of sufficient capacity and size to accommodte these aircraft, we will lose, roughly, 50 percent of our complement. In other words, if the elevators cannot take the airplanes below and the hangar deck does not have sufficient height to accommodate the airplanes, we will be

severely penalized. We have avoided this up to the present time by means of folding tails, folding wings, kneeling the airplane, and so forth. All of these methods of making sure that the airplane will fit in the hangar deck penalize the design of an aircraft. The major deficiency is hangar height. Since the *Essex* class, all our carriers have been built around a 17-foot 16-inch hangar deck. As we approach the sonic barrier, and we are now in it, it has been found necessary for us to increase the hieght of the vertical fin. To do this we have to put a fold in this fin also, so that the airplane can fit in the hangar deck. This adds weight to the airplane and penalizes the design. In the new carrier we have increased this hangar deck height to 25 feet, which should allow us to avoid most of these expedients which penalize the design today.

AIRCRAFT LANDING SPEEDS

The sixth item is aircraft landing speeds. It appears fairly certain that if fighter performance is to increase, the landing speed is also going to increase. This is quite evident when we realize that airports are becoming longer and longer to accommodate our newer aircraft. While we in carriers use arresting gear, the space in which the aircraft must land will, of necessity, increase due to the higher landing speed. This new carrier provides for this growth through increased length and width of the landing area. Further, through the reduction of landing hazards, achieved by the removal of the island and topside obstructions, we have eased the pilot's problem tremendously. We have made many studies in the Navy to see if we could remove the islands on existing carriers and the cost is prohibitive.

BETTER PROTECTION FROM TORPEDOES, BOMBS, AND OTHER DAMAGE

The seventh item is to provide better protection from torpedoes, bombs, and other types of damage. In our existing carriers, particularly the *Essex* type, we have a wooden flight deck, which is quite susceptible to topside damage. The *Midway* class of carriers, and there are three provided, has a steel flight deck which we consider ample protection from topside damage, and this type of flight deck will be installed in the *Forrestal* class.

To install a steel flight deck on the *Essex* type conversions would be prohibitive, both as to weight and as to cost.

UNDERWATER DAMAGE

As regards underwater damage, we will install on the *Forrestal* class one additional holding bulkhead, which we are very sure can repel any known torpedo to date.

I am sure you realize that on the converted carriers we have added more and more weight to a hull which started at 36,000 tons, full load, and now carries 40,000. It is basically the same hull, but we have had to sacrifice some underwater damage control features to accomplish this increase in weight.

We feel that even with the carrier grossing 40,000 tons we are in a safe range, but to go over that amount we feel would be too great a risk, particularly if the ship were damaged in its full load condition.

SUMMARY OF REASONS FOR NEEDING LARGE CARRIER

Now, may I summarize the seven major reasons why we feel that we need this new type of carrier.

First, the increased weight of aircraft.

Second, the need for increased fuel capacity due to jet propulsion.

Third, the need for more catapults for launching modern fighters.

Fourth, the need for more aviation ordnance stowage space.

Fifth, the increased size of aircraft.

Sixth, the increase in aircraft landing speeds.

Seventh, the need for better protection against torpedoes, bombs, and other weapons.

ANTISUBMARINE AIRCRAFT CARRIER

The next item on the program is the construction of one antisubmarine aircraft carrier.

This is a new type and a development from World War II's escort carrier, the CVE. A new CVE is needed which is capable of all-weather antisubmarine warfare operations. The ship we have in mind would displace approximately 16,000 tons. The design of this ship, which is based on an austerity concept and is capable of rapid production in the event of a national emergency, will support the latest aircraft developed for antisubmarine warfare carrier operations.

These new antisubmarine warfare aircraft have grown in weight due to the heavier and more modern electronic equipment required to combat the improved capabilities of enemy submarines. They have increased in weight, too, due to the development of a one-package ASW plane. The one-package plane carries both detection equipment and weapons, as compared to the two plane concept wherein two aircraft operate as a team, one for detection and the other for attack.

CONSTRUCTION OF NEW DESTROYERS

We come now to the construction of four new destroyers. These are for the replacement of the World War II type. They will incorporate new developments in electronics, gunnery, antisubmarine, and engineering techniques. Four of this new type are needed to provide the minimum number considered adequate for satisfactory and complete evaluation and to provide an impetus to the shipbuilding industry for destroyer types.

We are trying to avoid a repetition of the situation in which we found ourselves in the early 1930's. We had a large number of the old four-stack destroyers which were built in World War I, but because of the large number we had, we were not permitted all during the 1920's to build any new destroyers.

We found ourselves, then, at the onset of World War II with a program for new construction which was well behind what the developments of the war proved. You may recall that we transferred 50 of those old destroyers to the British. While they were all right for the type of use which the British wanted, that is, for escort of convoys, it would have been a very bad mistake to have relied upon them in the battle of the Pacific, particularly down in the South Pacific.

These new destroyers will displace about 2,850 tons. Late World War II types were of 2,200 tons displacement.

ATTACK-TYPE SUBMARINES

The next item is two attack-type submarines. Seven of this type have been authorized in previous programs and are now in building.

We are now approaching the time, and we will reach that time within the next 5 years, when because of the age of our available submarines and the growing costs of their modernization, we cannot provide the necessary number of adequate combatant submarines by further conversions.

Six new attack-type submarines which will be operational in the near future were designed in 1947. Since 1947 much has been learned through the operation of the so-called guppy types and through the completion of research projects begun immediately after the war. While it has been possible to incorporate new information during the construction period of these six ships, additional new construction submarines are necessary to apply all design improvements and thus to assure the best possible submarine which we would use for the emergency building required by approved mobilization plans.

NUCLEAR-POWERED SUBMARINE

The next item is a second nuclear-powered submarine. One of these ships has been previously authorized.

RADAR PICKET SUBMARINE

The next item is one new radar-picket submarine. Two of these new submarines have been previously authorized and are now in building.

This ship is an increment of the build-up to the number of radar-picket submarines required to support the air defense of the fleet and of certain land and sea areas. With the completion of the previous shipbuilding programs, fiscal year 1952 and earlier, there will be 12 radar picket submarines, 10 of which will be conversions and 2 of which will be new construction.

In order to execute mobilization plans a greater number of radar picket submarines than are now available will be required. In order to prevent all of these ships from becoming obsolete at the same time, it is necessary that at least half be acquired by new construction.

THREE NEW OCEAN ESCORTS (DE'S)

The next item consists of the construction of three new ocean escorts, DE's. One of these ships has previously been authorized.

We have insufficient active and reserve destroyer escorts to meet our planned requirements. The DE is an important antisubmarine type and essential, therefore, to assist in meeting any enemy submarine threat.

The new design here requested is essentially an improved DE whose primary mission is the protection of merchant ships against submarine attack by modern, medium-speed, deep-diving submarines far at sea. This DE would be capable of operation in the rough North Atlantic and would provide good antisubmarine defense, while at the same time representing a cheaper investment in material and manpower than the larger and faster destroyer type. The three DE's

here requested are required to augment the number of present DE's and eventually to replace overage and obsolete ships.

MINESWEEPERS AND AUXILIARY MOTOR MINESWEEPERS

The next two items, minesweepers and auxiliary motor minesweepers, I shall consider together. Forty-nine of these ships have been appropriated for in previous programs. This bill would authorize the construction of 30 more.

Mr. WIGGLESWORTH. Minesweepers and what?

Admiral FECHTELER. Minesweepers and auxiliary motor minesweepers.

All of our existing minesweepers, 176 in number, are obsolescent, due primarily to their relatively high magnetic signature. Highly sensitive magnetic mines have been used against us. In order to combat this existing threat with a reasonable degree of safety, minesweepers having the characteristics of these new ships are absolutely essential.

LANDING SHIPS, DOCK

The next item is for three landing ships, dock. Four of these ships have been appropriated for in previous programs.

These ships are a part of the continuation of the fiscal year 1952 program which started the build-up of a fast amphibious assault force. They represent an immediate requirement to meet the Navy's early amphibious commitment on mobilization. The construction of these ships will permit diversion of older landing ships, dock, to meet the new requirement for suitable tenders for small mine-sweeping craft.

LANDING SHIPS, TANK (LST'S)

The next item is 20 landing ships, tank (LST's). They are also a continuation of the 1952 program to provide a fast amphibious force Fifteen of these ships have been authorized or appropriated for in previous programs.

In addition to increased speed we now require improved troop and vehicle lift capabilities. Tanks are becoming larger.

The evaluation of recent exercises indicate that the present LST is so slow as to raise the hazards to the LST convoy to unacceptable proportions. These new LST's are essential to a balanced amphibious lift now.

NEW STORE SHIPS

The next item is to construct two new store ships. These are refrigerator ships. Three conversions to ships of this type have been authorized in previous programs.

Our active fleets now are employing 14 store ships. The reserve fleets have none. Ten of our store ships are entirely unsuitable for fleet issue—seven are small 10-knot ships and three are bulk carriers. The active fleets now have only 4 fast-issue ships with a requirement for 16. One maritime hull ship is being converted to a fleet-issue store ship from funds appropriated for the 1951 program. Two additional conversions were included in the 1952 program. These two new ships included in this bill are badly needed. We will still have a

shortage, which we can live with, by making full use of our smaller and slower ships.

OILERS

The next and last item of new construction of ships calls for two oilers. Six of these ships have been authorized in previous programs.

Our active fleets and the Military Sea Transportation Service have a total of 38 fleet oilers. There are no fleet oilers in the reserve fleets.

The limited operations of Korea have indicated that for full scale and continuous employment of available combatant forces additional fleet oilers beyond presently available units will be urgently required. As previously stated, six new fleet oilers have been included in the construction program for the fiscal year 1952. One of the principal factors in the immediate need for additional fleet oilers has been the advent of the jet aircraft which has over a three times greater fuel consumption rate than World War II aircraft.

CONVERSIONS

Now, as to the proposed conversions, we would like to convert two more *Essex*-type aircraft carriers. This is a continuation of the program of modernization of these fast carriers of World War II. Thirteen of these conversions have been previously appropriated for.

The conversion is designed to improve aircraft carriers of the *Essex* type in order that they may support and operate faster, heavier, and larger carrier aircraft than those of World War II in sufficient numbers to meet war plan requirements. The conversions include increased fuel carrying capacity required for jet aircraft operations.

MODERNIZATION OF CRUISERS

We also wish to modernize two cruisers. Nine cruiser conversions similar to this have been previously appropriated for.

These conversions is a continuation of the program to improve air-defense capabilities of cruisers by replacing their 40-millimeter batteries with 3-inch 50-caliber guns. These two conversions herewith requested will complete a program which will modernize the anti-aircraft batteries of all but two of our active fleet cruisers.

The principal reason for this conversion from 40- millimeter to 3-inch is the required defense against high speed aircraft.

RADAR PICKET ESCORT VESSELS

The next and final item of conversion is six radar-picket escort vessels. Six such conversions have been previously appropraited for.

This is a continuation of a program to obtain ships to support the Air Force in the air defense of the United States. The conversions requested in this bill will bring the total ships available to 12, which is about half the number required to fulfill the needs.

In addition to its requirement in support of the Air Force, this type of ship after conversion will fill the following naval needs:

1. Escort of a slow convoy where air cover is provided.
2. Escort of an overseas movement in an amphibious operation.
3. Picket duties in connection with air defense of the objective in an amphibious operation.

The construction of boats and miscellaneous small craft consists largely of new landing craft.

This construction is necessary to replace losses and old equipment which is now beyond economical repair. Fifty of the LCM's, and LCM eights, are necessary to meet an immediate requirement for landing craft which will carry a heavy tank in assault. The existing ones will not carry it. Although the slow LSU can carry three heavy tanks, the hazard of such concentration of essential equipment in the first phase of an assault is unacceptable.

The service craft construction program, 7,050 tons of which are included in this bill and 5,300 tons of which have been previously appropriated for, is necessary to meet the attrition losses from all causes such as disposal, incidents of war, weather and marine casualty. No reserve exists in craft of this type.

An unusual condition exists in the case of the gate vessels. They are essential for the operation of gates in both antisubmarine and antitorpedo nets to be installed in major harbors and fleet anchorages. We have 22 such vessels now on hand.

Now that is a brief description of our 1953 program, Mr. Chairman, and Admiral Wallin, I am sure, can provide you additional details.

POLICY FORMULATION OF SHIPBUILDING PROGRAM

Mr. SHEPPARD. Admiral Fechteler, your position, if my interpretation is correct, charges you with the responsibility of directing the course of Navy functions, compatible, of course, with policy that may be evidenced by higher echelon. In arriving at your conclusions for budgetary purposes, am I right in assuming that you hold interdepartmental conference with other military personalities of like stature?

Admiral FECHTELER. The construction programs and those funds related thereto are made available to my colleagues in the other services. They are apprised of precisely what we have in mind. The two elements of all services which are formally passed upon and approved by the Joint Chiefs of Staff are "force levels" and "personnel ceilings."

There is no formal action or approval or disapproval on the part of any service chief with respect to the procurement and building programs of the other services. A building program, such as this one, is submitted by the Chief of Naval Operations to the Secretary of the Navy, and from there to the Secretary of Defense, and as you gentlemen are well aware from there it has Bureau of the Budget and presidential approval.

Mr. SHEPPARD. However, there is a point of conclusion when it comes to the distribution of our military strength in its collective formula, and that prerogative, I presume, falls within the category of the Joint Chiefs of Staff and then the acquiescence of the Secretary of Defense and the White House. That is the procedure; is it not?

Admiral FECHTELER. Yes, sir.

Mr. SHEPPARD. Then in making the presentation for the enlarged ship requirements that we presently have under consideration, is it within the purview of accuracy to say that concurrence through the Chiefs of Staff and all of the other steps that you have referred to have been accomplished?

Admiral FECHTELER. No, sir; it would not be accurate to say that the Joint Chiefs of Staff have specifically approved the construction of this new carrier. The Joint Chiefs collectively and individually are aware that we are asking for it, but they have taken no action on it one way or the other.

Mr. SHEPPARD. If you have any qualifying suggestions to present to the committee relative to the final decision that is made on the plans, and the military appurtenances, requirements, and so forth, that go into the total military-strength picture, I wish you would add it at this point.

Admiral FECHTELER. In considering the force levels, the Joint Chiefs of Staff do not concern themselves with the particular equipment that is to be furnished the various elements of those forces.

For example, the Joint Chiefs of Staff will agree to so many armored divisions for the Army. They do not concern themselves with the type of tanks, mobile artillery, and so forth with which those divisions are equipped. That is a service responsibility, to determine the equipment necessary for that particular type of armed force.

Similarly, in the case of the Air Force, the Joint Chiefs of Staff will agree to so many heavy bombardment wings, but the Joint Chiefs of Staff do not concern themselves with the type of airplane with which those wings are equipped.

Now to come to the Navy, the Joint Chiefs of Staff will agree as to the number of fast carriers to be in the fleets for each fiscal year, but they do not concern themselves with the equipment, the type of carrier, or the type of airplanes which that carrier carries.

The processes for determining the modernization of equipment go through the Comptroller complex of the departments of the Department of Defense, and receive the approval of the Secretary of Defense.

Mr. SHEPPARD. Then from that description I would assume that insofar as the end result pertains in Navy's strength requirement that there has been acquiesence upon the part of the jurisdiction you referred to. However, the specific type of ship to accomplish that purpose is left to the discretion of the Navy?

Admiral FECHTELER. That is correct.

AUTHORIZATION OF TONNAGE CONSTRUCTION

Mr. SHEPPARD. Very well. I had a conversation with Chairman Vinson of the House Armed Services Committee this morning, and while that committee has been considering the authorization of the additional flattop to which you have addressed yourself in your opening statement and otherwise, it was his conclusion that an additional authorization was not necessary, predicated upon the fact that Navy has already tonnage that has not been applied to the extent of 1,309,698 tons. I did not have the opportunity to analyze the issue with him to the degree that I would have liked to because the committee was about to convene, and I felt that I should be here. Does that tonnage figure I have given you reflect that amount over and above the completion of the program as embodied in H. R. 6140? In other words, if you are to build the ships you have referred to as necessary in the present budget, would you then have that amount of tonnage left, over and above that status of completion?

Admiral FECHTELER. Yes.

Mr. SHEPPARD. Now, I would like to address myself to whomever you have on your staff this morning that can tell us about the language involved in H. R. 6140.

Be it enacted by the Senate and House of Representatives of the United States of America, in Congress assembled, That the President is authorized to undertake the construction of, or to acquire and convert, not to exceed two hundred thirty-seven thousand five hundred tons of modern naval vessels in the following categories, subcategories, or types:

Then there follows, of course, a clarification of the types of ships involved.

I would like to ask to what degree has that language in the bill been subjected to legal scrutiny to the degree that you do not find yourselves confined to the express tonnage involved, irrespective of the authorization heretofore granted?

Captain NUNN. Mr. Chairman, that language is similar to language enacted in 1950 and 1951, which was the basis for the appropriation which followed for the construction of ships.

Mr. SHEPPARD. What division do you represent?

Captain NUNN. I am at the moment serving as executive assistant and senior aid to Admiral Fechteler, sir.

Admiral FECHTELER. Off the record.

(Discussion off the record.)

Captain NUNN. If the authorization bill, H. R. 6140 were enacted, we would be restricted, I should say, for this year to the tonnages specified in that bill. I understand, Mr. Sheppard, that Mr. Vinson contemplates now not bringing in an authorization bill this year. Was not that his suggestion?

Mr. SHEPPARD. That is right.

Captain NUNN. It seems to me that it would be unnecessary to bring one in since the tonnage is available from authorizations of the past.

Mr. WIGGLESWORTH. You mean that you think that all you should have this year is covered by previous authorizations?

Captain NUNN. Yes; that is correct, Mr. Wigglesworth.

Mr. SHEPPARD. Have you had occasion to review the language of the preceding bills of authorization that have contributed to the over-all tonnage that I have referred to; that is, the 1,309,698 tons?

Captain NUNN. Yes, I have, Mr. Sheppard. From the Vinson-Trammell Act of 1934 on up to date. The Vinson-Trammell Act is, of course, as you know, the basis for all combatant tonnage authorization, and increases in the size of the Navy have been brought about since its enactment by amendment to it.

Mr. SHEPPARD. Considering the last amendments that have been made, there is nothing to your knowledge that would prohibit the continuity of construction as it is presently proposed in the pending appropriation request?

Captain NUNN. That is correct, sir. Following World War II, you will recall, Mr. Sheppard, when the shipbuilding programs were cut back suddenly after the armistice in Japan, there were rescissions of appropriations which had previously been made. Those recissions were upon the money only and not upon the authorized tonnage.

DETAIL OF TONNAGE AUTHORIZATIONS

Mr. SHEPPARD. Consequently, the present tonnage that has not been utilized under all authorizations is 1,309,698, made up of 38,250 tons from Public Law 3 of the Eighty-second Congress and 1,271,448 from all other laws. So, insofar as you know, there is no legal reason why the construction in tonnage that is presented in your present appropriation request could not be accomplished if this committee and the Congress as a whole approve of the construction program presently under consideration?

Captain NUNN. That is correct, sir.

I know of no reason why that would not come about, sir.

Mr. SHEPPARD. I would like to address my next question to Admiral Fechteler.

NAVAL REQUIREMENTS OF GENERAL EISENHOWER

I naturally assume in the position that you occupy that you are conversant with the attitude in requirements as they are reflected from General Eisenhower and his anticipated requirements that he in his particular phase of operations is presently projecting; is that correct?

Admiral FECHTELER. That is correct.

Mr. SHEPPARD. Do you have anything in your files that you could make available for the purposes of the record that might indicate what his thinking is relative to ships in Navy's required categories, in order that the mission that he is presently addressing himself to might ultimately be accomplished?

Admiral FECHTELER. When General Eisenhower assumed his present office as Supreme Allied Commander of Europe, the President directed Admiral Carney, the commander in chief, United States Naval Forces, Eastern Atlantic and Mediterranean, to place at General Eisenhower's disposal all of his—Admiral Carney's—forces for the support of General Eisenhower's mission. This included the fast carriers of the sixth fleet.

General Eisenhower has stated in unmistakable fashion his requirements for, and his reliance upon, the support of fast carrier aircraft in support of the land battle in Europe should that unfortunate event come about.

Mr. SHEPPARD. Taking into consideration the requirements that are reflected in the categories just referred to, plus the normal projected construction requirements for other mission purposes, do you at this time have available in the mothball fleet, or otherwise, a total of ships that would accomplish the purpose—that of flattops?

MODERN AIRCRAFT REQUIRES LARGER CARRIERS

Admiral FECHTELER. We have the number of ships, but those ships could not adequately handle the modern types of aircraft which are in production now, or will be in the course of the next few years; consequently, whereas we would have the ships, we could not use the modern planes which would be essential in any future war.

Mr. SHEPPARD. Irrespective of the total tonnage you have in present day flattops, the modern aircraft that is already under production necessitates a revision of the structure of the flattop operations?

Admiral FECHTELER. That is correct, sir.

Mr. SHEPPARD. What would be the aftermath of your entire projected expansion program in air carriers, the flattop function, if you were not to have this type of carriers?

Admiral FECHTELER. If we were not to have?

Mr. SHEPPARD. That is right.

Admiral FECHTELER. We would be denied the capabilities of keeping the naval air arm modernized with the very latest weapons that would be available to us.

Mr. SHEPPARD. Are you not already in the production, or in the projected production, of aircraft that obviously will have to be accommodated by greater space on board aircraft carriers than even modification would permit under the old-line structure?

Admiral FECHTELER. Such aircraft are in projected production.

Mr. SHEPPARD. Then under those circumstances, if we were not to proceed with the modified concepts of the aircraft carrier, it would appear to me that as soon as that determination was made, you would have to begin reversing your projected airplane-production schedule insofar as their structure concept pertains.

Admiral FECHTELER. That is correct, sir. We would tailor back the airplanes to accommodate the capabilities of the carrier. It would be equivalent to saying, as applied to shore-base aircraft, that you cannot build an airplane which requires a 10,000-foot landing strip because we are not going to permit any 10,000-foot landing strips. You must build your airplane so that it can operate from an 8,000-foot landing strip.

Mr. SHEPPARD. This would be a more homely parallel. I buy an automobile that requires a 24-foot space. If I am going to garage that automobile, and I only build a garage of 20 feet, I wind up with no housing for the 24-foot automobile; is that correct?

Admiral FECHTELER. That is correct.

BREAKDOWN OF 1952 SHIP PROGRAM

Mr. SHEPPARD. Perhaps I am approaching this from the layman's point of view, but I think there is somewhat of an applicable consideration here. I am looking at the figure for the large aircraft reflected in the pink sheets before me; to wit, $188,042,000. Does that cover the aircraft carrier that we have under consideration or discussion?

Admiral FECHTELER. The $188,042,000 is Bureau of Ships only. To that should be added $16,500,000 under Bureau of Ordnance, which brings the total up to $204,500,000.

Mr. SHEPPARD. With reference to the columns reflected on the pink sheet, 12–C–2, I find set forth here under the title of new construction a series of ships. Also reflected is the number of ships, estimated at 53 total, and so forth.

I would like to have you furnish this committee a total figure incorporating other appurtenances that would round out the complete ship.

Admiral WALLIN. We have it right here. Perhaps I better ask what you mean by "appurtenances." Do you mean aircraft on the carrier?

Mr. SHEPPARD. No, the ship itself with its ordnance and its fixed appurtenances.

Admiral WALLIN. We can supply a list of the ships in question and the split between Bureau of Ships and Bureau of Ordnance, giving the total and the total split.

Mr. SHEPPARD. I would like to see the split and the total. Your total reflected here at the bottom, for new construction, is $854,441,441. That reflects the major portion of the expenditure, I grant that, but in order to have the completed ship concept I would like the other information furnished also.

(The requested material was supplied for the information of the committee.)

CONSTRUCTION LEAD TIME

Mr. SHEPPARD. What is the longest lead time on construction that is presented in your new construction category?

Admiral WALLIN. We expect the aircraft carrier, or the new nuclear submarine to require the greatest time.

Mr. SHEPPARD. In the carrier operation, what is the anticipated time from the time that you would start to lay the keel to the time the ship would be completed?

Admiral WALLIN. We figure that we could do that within 30 months after we lay the keel.

Mr. SHEPPARD. What would be the time element on the submarine?

Admiral WALLIN. In the case of the second nuclear submarine, I might say that the first nuclear submarine is now scheduled for completion in the near future. We expect that the second submarine, which is a little bit different in design, so far as its nuclear part is concerned, to run about a year and a half later.

SHIP-CONSTRUCTION PRIORITIES

Mr. SHEPPARD. Taking into consideration the arrangements that you have with other departments of Government, and assuming that the so-called control system goes into effect during the period that it would take to construct this ship, what provisions have you with the materials-adjudicating bureaus of Government as to an expeditious construction program? Specifically, address yourself to the carrier and your other construction.

Admiral WALLIN. As you indicate, the rate of construction of the current naval shipbuilding program is controlled by availability of material. We have gone through a very stringent period with regard to material. I feel that we have shaken down now to a point—and this is expressed by the daily press as well—to where the material situation is definitely improving, and we are hoping that the naval program can be expedited over and above what we anticipated a few months ago.

Now, as regards priorities for this program, we are given priorities for certain parts of this but not for all of it, over and beyond other requirements such as atomic-energy expansion, the ordnance expansion, transportation expansion, and utilities expansion. They rank about the same as we do in priorities. They are progressing quite well, I believe, and will enjoy also a relaxation in the matter of material availability; material control.

Mr. SHEPPARD. The reason I asked the question was this: When Mr. Wilson appeared before the committee as a whole, as my colleague

Mr. Wigglesworth will recall, he brought up a very splendid engineering chart or a series of charts that showed the depressed condition of certain materials and where it was contemplated under the expansion program that further depression from a civilian aspect would have to be effected in order to accomplish the end result of fairly expeditious construction of military requirements.

It is my personal impression at the moment that out of your projected new shipbuilding program the large aircraft carrier may concievably be more controversial than any other ship presented in this year's budget. I may, of course, be in error; but at the moment I think that is a possibility.

I would like to see what all the contributing factors may be. Would this aircraft carrier be in a priority 1 category for construction purposes?

Admiral WALLIN. With regard to the first carrier now under construction at Newport News, the material situation has not been too acute. We have been able to get a rather satisfactory priority, but not special priorities for that work. The only special priorities which we have gotten for the shipbuilding program pertain to mine sweepers. A certain number of mine sweepers are highest on the list as far as urgency is concerned, but I do believe that the second carrier will proceed satisfactorily so far as material availabilities are concerned; certainly as compared to the first carrier, inasmuch as we have had no real hold-ups so far on steel and other materials for the first carrier.

I would anticipate that the second carrier would proceed at least as well and, as I indicated previously regarding the general situation, somewhat better.

SHIP PRIORITY LIST

Mr. SHEPPARD. I realize your presentation here in your new shipbuilding construction category is integrated into your total picture.

Either on or off the record, considering the types of ships that are presently under new construction here, would you supply for the benefit of the committee to the clerk a list of priorities, as you gentlemen would catalog those priorities from this list?

Admiral FECHTELER. Yes, sir.

Mr. SHEPPARD. I realize the importance of all of them in an integrated program, of course, but I would like very much to have that information available, and I would further like to ask you this: After you have indicated the priorities as you envisage them, would the committee's utilization of that information on the floor of the House or elsewhere be permissible under the security concept?

Admiral FECHTELER. I can see no objection to that, if I understand what you want, Mr. Sheppard. What you want is a statement as follows: If we had to select from the entire list certain particular items, what is the priority in which we would select them?

Mr. SHEPPARD. That is right.

Admiral FECHTELER. We can give you that information, and I can see no objection to using it on the floor.

Mr. SHEPPARD. In view of that, if there is no objection to using it on the floor, I think it would be well if it was placed in the record at this point.

Priority:	*Item*
First	1 60,000-ton carrier (new).
Second	4 destroyers (new).
Third	10 mine sweepers, 165-foot (new).
Fourth	20 auxiliary motor mine sweepers (new).
Fifth	3 ocean escorts (new).
Sixth	2 carrier conversions.
Seventh	2 attack-type submarines (new).
Eighth	2 cruiser conversions.
Ninth	1 ASW escort carrier (new).
Tenth	2 refrigerator store ships (new).
Eleventh	350 landing craft, vehicle and personnel (LCVP) (new).
Twelfth	1 nuclear-powered submarine (new).
Thirteenth	3 landing ships, dock (new).
Fourteenth	1 radar picket submarine (new).
Fifteenth	20 landing ships, tank (new).
Sixteenth	50 landing craft, mechanized, MK VIII (LCM 8) (new).
Seventeenth	6 radar picket escort vessels (conversion).
Eighteenth	50 landing craft, mechanized, MK VI (LCM 6) (new).
Nineteenth	2 oilers (new).
Twentieth	Service craft.

ELECTRONICS DELIVERIES EXPERIENCE

Mr. SHEPPARD. What is your present experience in the electronics field? How much of a tie-up has there been in that field?

Admiral WALLIN. We have found in the electronics field the situation is considerably better than we anticipated a year ago. There has been some expansion in the field, but there has also been some reduction of civilian manufacture; so, we are getting rather good deliveries as compared to what we anticipated. Nevertheless, it must be recognized that a lot of our electronics work is new development work. We are trying to mix development with production, which is always difficult, and we are suffering some slippage in dates, and will continue to do so, particularly on the new developments. But, generally speaking, I think we are doing very well, although we all admit that the lead time on electronics equipments, and particularly the new developments, is very long. It runs in some of them to a year, 18 months, 24 months, and for the new developments, even longer; that is, for the more complicated developments.

Mr. SHEPPARD. What in the electronics field has given you the most difficulty?

Admiral CURTS. If you are speaking of procurement, Admiral Wallin is in a far better position to answer that than I am.

Mr. SHEPPARD. I was addressing myself to the end result. You can project procurement, but it does not always follow that you are getting end results; to wit, deliveries compatible with the original concept. I am trying to establish for the electronics field what is giving you the biggest headache.

Admiral WALLIN. I would say the new developments in electronic equipment. Later on, when we come to that activity in the budget, we will have here an expert who has followed through on these procurements who will give you specific information on the types of equipment, and what the lead time is, and what our greatest difficulties are.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Mr. FERNANDEZ. As you made your statement, I was interested in knowing the cost of each item and the time that it would take to construct it. I take it this pink confidential sheet gives those answers, both as to cost of each item and as to the time you expect it will take to build them.

Admiral FECHTELER. The pink sheet shows only the estimated expenditures under the Bureau of Ships' appropriation. To that must be added the expenditures under the Bureau of Ordnance appropriation for ordnance equipment.

Mr. FERNANDEZ. And that will be reflected by the statement you are going to give us later?

Admiral FECHTELER. That is correct.

Mr. FERNANDEZ. When will the *Forrestal* be completed?

Admiral WALLIN. We expect to have her completed about the very end of 1954. Possibly it will run into the beginning of 1955, depending upon circumstances regarding materials.

Mr. FERNANDEZ. How long has it been under actual construction?

Admiral WALLIN. Of course, they are doing some shop work now. The Newport News was the contractor, and they just indicated to me day before yesterday that it would be advantageous to hold up the laying of the keel until October, because they had been held up in getting pipe, but I would say a little over 2 years after that we ought to be able to finish her. We would lay the keel in October and finish her in December 2 years later.

THE AIRCRAFT CARRIER "FORRESTAL"

Mr. FERNANDEZ. The appropriation for the *Forrestal* has already been made, and no money is reflected in this request for the *Forrestal* this year?

Admiral WALLIN. That is correct.

Mr. FERNANDEZ. The same thing is true of these other items; they are for the entire cost and not just for the estimated amount to be expended this year?

Admiral WALLIN. This is complete funding for the whole job, based on the present estimates.

Mr. FERNANDEZ. How will the cost of the *Forrestal* compare with the cost of the new carrier you are requesting here in view of the fact that the new carrier will be a second ship?

Admiral WALLIN. The *Forrestal* is now funded for Bureau of Ships work at $191,500,000, whereas the new carrier is supposed to be funded for $188,000,000. That is $3,500,000 prospective saving on the second ship in this area of work.

FURTHER REFERENCE TO TONNAGE AUTHORIZATION

Mr. SHEPPARD. Captain, I would like to have you provide yourself with a copy of Public Law 3 of the Eighty-second Congress, H. R. 1001, and prepare a statement and address yourself specifically to the subject matter under item 1.

(The following statement is submitted for the record:)

CONSTRUCTION

Unobligated tonnage is available for the construction of the ships contemplated in the Navy's 1953 building program with the possible exception of 5,320 tons of minesweepers.

The Navy desires to construct:

(*a*) 97,500 tons of carriers, destroyers and submarines for which 1,309,698 unobligated tons are available (a surplus of 1,212,198 tons);

(*b*) 75,000 tons of amphibious vessels for which 91,260 unobligated tons are available (a surplus of 16,260 tons);

(*c*) 15,000 tons of minesweepers for which 9,680 unobligated tons are available (an apparent shortage of 5,320 tons);

(d) 5,000 tons of patrol vessels for which 13,550 unobligated tons are available (a surplus of 8,550 tons);

(*e*) 37,500 tons of auxiliary vessels for which 95,750 unobligated tons are available (a surplus of 58,250 tons); and

(*f*) 7,500 tons of service craft for which 9,000 unobligated tons are available (a surplus of 1,500 tons).

With reference to the apparent lack of minesweeper tonnage, since minesweepers are in fact combatant vessels it is suggested that combatant tonnage available may well be used to construct these ships.

If such procedure receives the approval of this committee, no legal bar to construction of the ships is apparent except that the tonnage so used could probably not be regarded as automatically replaceable.

The unobligated tonnages to which I have referred were authorized by two basic acts of Congress—the Vinson-Trammell Act of 1934 which, with its amendments, provides 1,271,448 tons of unobligated combatant tonnage; and Public Law 3, Eighty-second Congress of 1951 which provides 38,250 tons of unobligated warship tonnage, 91,260 tons of unobligated amphibious tonnage, 9,680 tons of unobligated mine sweeper tonnage, 13,550 tons of unobligated patrol vessel tonnage, 95,750 tons of unobligated auxiliary tonnage, and 9,000 tons of unobligated service craft tonnage.

The significant difference between the tonnage authorized by the Vinson-Trammell Act, as amended, and that authorized by Public Law 3 of the Eighty-second Congress is that the Vinson-Trammell tonnage is automatically replaceable as to battleships, carriers, cruisers, destroyer types and submarines when those ships become overage or are lost. Battleships become overage after 26 years, carriers and cruisers after 20 years, destroyers and destroyer escorts after 16 years and submarines after 13 years. Public Law 3 tonnage is not replaceable as to any category of ship.

Since the termination of World War II there have been two acts of Congress which have authorized annual shipbuilding programs for the Navy. These were Public Law 674 of the Eighty-first Congress, approved August 8, 1950, which authorized the construction of 50,000 tons, and Public Law 3 of the Eighty-second Congress, approved March 10, 1951, which authorized the construction of 500,000 tons.

Public Law 674 of the Eighty-first Congress was not necessary to authorize the construction of combatant tonnage, as is shown by the fact that the act itself provides that construction which it authorizes shall be chargeable to tonnages authorized by existing law, that is, by law existing at that time. This measure was necessary, however, to authorize a small amount of auxiliary tonnage (10,000 tons) and a small amount of experimental tonnage (10,000 tons).

Similarly, Public Law 3 of the Eighty-second Congress was not necessary to authorize the construction of combatant tonnage. It was, however, necessary to authorize auxiliary tonnage (175,000 tons), service craft (9,000 tons) and experimental types (1,000 tons).

In like manner, no further act of Congress is now necessary to authorize any construction contemplated for the fiscal year 1953. Authorizations previously enacted are adequate. The committee will remember that the large carrier *United States*, the construction of which was canceled by executive action, was appropriated for without an immediately preceding authorization. Then, as now, previous authorizations were sufficient.

CONVERSION

The conversion, or modernization of ships means merely their alteration. Generally speaking, no statutory authorization is necessary to permit the alteration of ships.

Historically, however, there once existed a statutory restriction upon the amount of money that could be spent upon the repair and alteration of a ship within a specified period of time (18 months). This restriction was removed by Public Law 319, Eightieth Congress, approved August 1, 1947. Now there are no restrictions upon ship alterations except that the alteration must be accomplished within the appropriation made for that purpose. The Navy understands, also, that it is the sense of Congress that the category or type of a ship shall not be changed by alteration without the Congress being informed.

Conversions authorized by Public Law 674 of the Eighty-first Congress and by Public Law 3 of the Eighty-second Congress involved changes in the categories of ships, notably the change of cruisers to guided missile ships. The conversions contemplated for 1953 involve no change in the categories of ships and hence no general act is necessary to authorize conversions. General authority already exists in Public Law 319 of the Eightieth Congress.

ESTIMATES FOR SHIPBUILDING AND CONVERSION

Mr. WIGGLESWORTH. I would like to get a few over-all figures here.

As I understand it, the total request for 1953 for shipbuilding and conversion, as far as the Bureau of Ships is concerned, is $944,306,000 as compared with $1,343,297,000 of obligational authority made available in the current fiscal year. I also understand that your obligations as of December 31 amounted to $834,314,718. When is it expected that the balance of $1,343,000,000 will be obligated.

Admiral WALLIN. Mr. Wigglesworth, we expect that the whole 1952 appropriation will be obligated by the end of this fiscal year, barring some slight changes in our proceeding with the program, but since December 1 we have moved forward and made a number of contracts under the program and our present schedule anticipates virtual completion of the whole obligation by the end of the fiscal year.

EXPENDITURES

Mr. WIGGLESWORTH. What were your actual expenditures as of December 31?

Admiral WALLIN. That is a very small figure.

Mr. ALFORD. The actual expenditures to the end of December under appropriation "Shipbuilding and conversion" was $17,000,000. That is the 1952 shipbuilding program.

YEAR-END BALANCES

Mr. WIGGLESWORTH. You apparently anticipate a carry-over in unexpended funds as of June 30, 1952, of $1,388,109,697, and you anticipate a carry-over as of June 30, 1953, on the basis of the request before the committee, of $1,782,415,697. How much of that carry-over as of June 30, 1953, is required for long lead contracts of more than 12 months' lead time?

Admiral WALLIN. I do not think that we can give you an exact figure on that, Mr. Wigglesworth. I would say regarding the building program these days, with the material situation slowed up as it has been, and will continue to some extent, that we are moving forward on the contract, but it takes the contractors quite a while to get into gear and get priorities on their materials; get their orders in and get deliveries.

Now, some of the things, of course, as you indicate, are long lead time deliveries. That does not apply particularly to what you might

call the construction part of the ship. It applies more to the equipments part and the components, the machinery components.

Mr. WIGGLESWORTH. I am only talking about shipbuilding and conversion.

Admiral WALLIN. Yes. I might read a statement that has a direct bearing, but does not answer directly the question that you asked as to the proportion.

This appropriation finances the construction of new ships and the conversion of existing ships of the Navy. Funds for a shipbuilding program are appropriated to cover the estimated cost of a complete vessel, although the actual construction may require from 3 to 5 years.

Because ship construction requires a lot longer production lead time than any other military item, substantial funds are required to be carried forward into the fiscal year 1954 to liquidate expenses during the entire construction period.

When we have these out on contract, of course the contractor has to qualify before he can be paid for what he furnishes; in other words, the lead time is his responsibility. We do not pay him until the material is delivered, so the lead time of material does have an important bearing on the amount of carry-over from year to year.

CARRIER MANEUVERABILITY

Mr. SHEPPARD. Admiral Fechteler, what is the general maneuverability of the new carriers that are coming into effect if appropriations are made available?

Admiral FECHTELER. They will be very highly maneuverable. I do not know whether they are going to put twin rudders on them or not.

Admiral WALLIN. Yes, sir, twin rudders, and we are taking special steps to improve the cutway aft in order to improve their maneuverability.

Mr. SHEPPARD. What degree or percentage, whichever you wish to use as the comparative basis of maneuverability, would pertain in the new construction, or is incorporated in the new construction, that has not been prevalent heretofore? Off the record.

(Discussion off the record.)

Mr. SHEPPARD. Mr. Wigglesworth.

LEAD-TIME IN EXCESS OF 12 MONTHS

Mr. WIGGLESWORTH. Before the noon hour I was inquiring about the estimate of unexpended funds furnished us by the Office of the Secretary of Defense as of June 30, 1953, amounting to $1,782,415,697. I realize, of course, that under the present system of making appropriations if you are going to build a ship you have got to have the obligation authority all at once, even if the payments may be made over a series of years. That general principle applies to other long lead items. What I was seeking an answer to was to the question how much of the total I have just referred to will be required for purposes of that character, involving long lead items of more than 12 months?

Admiral WALLIN. Well, sir, as I have said that is difficult to state, but certainly a very large proportion of the machinery components and equipments aboard the larger ships will exceed 12 months' lead

time. For instance, the machinery that we are developing on a number of these ships, even destroyer escorts will run between 18 and 24 months, and I think that on any of the ships where we are developing new machinery we would have to allow about 24 months.

Mr. WIGGLESWORTH. I wish, when you revise your remarks, you would consider that question, and, either percentagewise or in dollars and cents, give us the best estimate you can.

Admiral WALLIN. What proportion of the money would be in the category beyond 12 months' lead time?

Mr. WIGGLESWORTH. Yes.

Admiral WALLIN. I will try to do that.

Mr. WIGGLESWORTH. Give us the best answer you can when you revise your remarks.

Admiral WALLIN. Yes, sir.

(The matter referred to is as follows:)

Practically the entire carry-over into 1954 is applicable to the category beyond 12 months' lead time.

CIVILIAN PERSONNEL

Mr. WIGGLESWORTH. Now, if I read this budget breakdown correctly, you are asking for 37,367 civilian personnel for this operation in 1953, as compared with a figure for the current fiscal year of 12,268, is that right?

Admiral WALLIN. As to our estimate on that I think we will have to break it down into appropriations, Mr. Wigglesworth. As to our estimates for "Construction of Ships Navy" for the fiscal year 1952, we have man-years 27,837 as compared with an estimate for 1952 man-years, 9,411.

Mr. WIGGLESWORTH. Off the record.

(Discussion off the record.)

Mr. WIGGLESWORTH. Can you give me the total positions for this item, shipbuilding and conversion?

Admiral WALLIN. Yes, sir. The total positions for shipbuilding and conversion estimated for 1953 are 37,367.

Mr. WIGGLESWORTH. And for 1952?

Admiral WALLIN. 12,268.

MILITARY PERSONNEL

Mr. WIGGLESWORTH. Now, is there in addition to that military personnel on the rolls?

Admiral WALLIN. There would be some military personnel; yes, sir.

Mr. WIGGLESWORTH. How many?

Admiral CLEXTON. Off the record.

(Discussion off the record.)

Mr. ALFORD. The total military personnel at all Bureau of Ships activities in the fiscal year 1953 is 4,211. We do not have it broken down as to how much it is for ship construction and how much for ships and facilities.

Mr. WIGGLESWORTH. What is the total figure in 1952?

Mr. ALFORD. Four thousand, one hundred and eighty-two.

Mr. WIGGLESWORTH. This increase in civilian personnel is largely for blue-collar workers?

Admiral WALLIN. Yes, sir, it is.

Mr. WIGGLESWORTH. Well, when you revise your remarks I wish you would break down those 1953 and 1952 figures for civilian personnel into (a) white-collar workers and (b) blue-collar workers.

Admiral WALLIN. Yes, sir.

(The information referred to is as follows:)

Shipbuilding and conversion, Navy, permanent positions in 1953 estimate

Type of worker	Fiscal year 1952	Fiscal year 1953
White collar (IVB)	2,807	7,297
Blue collar (Non-IVB)	9,461	30,070
Total permanent positions	12,268	37,367

Mr. WIGGLESWORTH. Now, Admiral Fechteler, when you were before the subcommittee I think you told us that you planned to maintain 1,191 ships in 1953.

Admiral FECHTELER. I think that is correct.

Mr. WIGGLESWORTH. Which is the same number you have in 1952, and I think you said there were something like 8,200 in mid-1945, the peak figure for World War II.

Admiral FECHTELER. What was that last figure, Mr. Wigglesworth?

Mr. WIGGLESWORTH. 8,200 for the figure in 1945, the peak figure.

Admiral FECHTELER. I will have to check that, Mr. Wigglesworth, I do not have those figures here, but it sounds awfully small to me. I think in 1945 the figure was probably around 8,000.

Mr. WIGGLESWORTH. 8,200.

Admiral FECHTELER. 8,200?

Mr. WIGGLESWORTH. Yes.

Admiral FECHTELER. That sounds about right, yes, sir.

Mr. WIGGLESWORTH. And in addition to that, as I understand it, if this appropriation were granted there would be a total of 564 ships either under construction, or for which you could place orders.

Admiral FECHTELER. Yes, sir.

Mr. WIGGLESWORTH. And of that 564 your 1953 request would contemplate placing orders for 69.

Admiral FECHTELER. For 70, sir.

Mr. WIGGLESWORTH. Seventy ships?

Admiral FECHTELER. Yes, sir.

Mr. WIGGLESWORTH. The balance of the 564 being actually under construction at this time?

Admiral FECHTELER. Yes, sir.

Admiral CLEXTON. There are 70 ships, and the rest of the total of 564 are boats.

Admiral FECHTELER. Yes, in this bill there would be 70 ships, and 484 boats and miscellaneous small craft.

Mr. WIGGLESWORTH. That means then that the 564 ships, appearing on page 12–C–2 are all within the appropriation now requested?

Admiral FECHTELER. Yes, sir.

SHIP CONSTRUCTION

Mr. WIGGLESWORTH. How many ships do we have under construction now that are not in operation?

Admiral WALLIN. We have under construction at the present time 18 combatant ships. Would you like a breakdown of them, Mr. Wigglesworth?

Mr. WIGGLESWORTH. I just want to get the over-all total for comparison purposes.

Admiral WALLIN. 126 amphibious craft vessels, 102 mine warfare vessels, and 1 patrol vessel, a total of 247.

Mr. WIGGLESWORTH. By the way, Admiral, does the figure of 1,191 ships, include what you call boats, or is it for ships only?

Admiral FECHTELER. That does not include miscellaneous small craft or boats.

Mr. WIGGLESWORTH. I understand from what the Admiral has just said that in addition to the 1,191 ships now in operation there are 247 under construction, and 70 more which would go under construction if this appropriation should be approved.

Admiral FECHTELER. That is right.

SIZE OF MOTH-BALL FLEET

Mr. WIGGLESWORTH. Do those figures include the moth-ball fleet?

Admiral FECHTELER. No, sir.

Mr. WIGGLESWORTH. They do not?

Admiral FECHTELER. No, sir.

Mr. WIGGLESWORTH. How many ships, as distinguished from these small boats, could we take out of that mothball fleet?

Admiral FECHTELER. Well, we have in the mothball fleet as of the 1st of March of this year, 1,389 ships of the reserve fleet.

Now, our policy is that when a new ship of a particular type is placed in commission that in order to remain within the allowed force ceiling we then put one of the same type which is in the active fleet into the mothball fleet, the reserve fleet. In other words, new construction does not go into the mothball fleet.

Mr. WIGGLESWORTH. But if worst should come to worst that fleet could be utilized?

Admiral FECHTELER. Oh, absolutely; that is what we maintain it for as a matter of fact, and that is precisely what we have done, since the onset of the Korean war. We have brought ships from the mothball fleet into the active fleet, some 562 of them to date.

ACTIONS OF JOINT CHIEFS OF STAFF ON CARRIER CONSTRUCTION

Mr. WIGGLESWORTH. Now, a few questions as to the large carrier.

I think the legal question that Mr. Sheppard raised this morning is extremely important, and I hope that will be covered fully in the request that was made. Otherwise, it is almost certain to be raised in the consideration of the bill.

I did not understand, Admiral, just what you said about the action or nonaction of the Joint Chiefs of Staff in reference to the policy involved in the construction of the larger carriers.

Admiral FECHTELER. The Joint Chiefs of Staff confine their recommendations to the Secretary of Defense on force level and personnel ceilings of the Armed Forces.

The Joint Chiefs of Staff do not pass on the particular types of equipment. For example, the Joint Chiefs of Staff will recommend to

the Secretary of Defense that the Army have so many armored divisions, but the Joint Chiefs of Staff do not concern themselves with the type of equipment, tanks, mobile equipment, or guns, and so forth, with which those divisions are equipped.

Similarly, insofar as the Air Force is concerned, for example, the Joint Chiefs of Staff will recommend so many heavy bombardment wings, but the Joint Chiefs of Staff do not concern themselves with the type of airplanes with which those heavy bombardment wings are equipped. Insofar as the Navy is concerned, the Joint Chiefs of Staff will recommend to the Secretary of Defense the number of fast fleet carriers that the Navy is to operate, but does not go to the matter of the particular characteristics of the carriers nor of the airplanes which constitute the air groups of those carriers.

Mr. WIGGLESWORTH. Well, I had supposed not only from the point of view of this committee and the expenditure involved, but from the point of view of over-all military policy, that the question of whether the Air Force uses a lot of heavy bombers, or uses less heavy bombers and more medium bombers, we will say, or the question of whether the Navy uses the *Forrestal* type of carrier, or some smaller type of carrier would be a major item of policy and that, therefore, the Joint Chiefs of Staff would pass upon both questions. Would the Joint Chiefs of Staff, as a matter of fact, pass on the Air Force question I have just mentioned, or is that left entirely to the Air Force?

Admiral FECHTELER. The parallels are not exactly the same, Mr. Wigglesworth. There is a category in the Air Force of heavy bombardment wings, and a category of medium bombardment wings. Those are different categories insofar as the Navy is concerned, and the Joint Chiefs of Staff do pass on the question of the number of heavy bombardment wings and the number of medium bombardment wings the Navy should have. Now, to draw a parallel to the Navy combat function, the fast fleet carrier is one concept of functions for all carriers of that particular type.

With the completion of this *Forrestal* carrier we will have three broad categories of carriers, the converted *Essex* class (or the modernized *Essex* class), the *Midway* class, and the *Forrestal* class. All three of those classes will be designed to perform the same functions. Naturally, the capabilities of the more modern class will exceed those of the older ships, just as within the category of fighters there are some which are better than others, but they are all fighters.

For example, the three kinds of fighters which the Air Force is using in Korea today are the F–86, the F–84, and the F–80. They are all classed as fighters, and yet the capabilities of the three classes are markedly different.

Now, again, to go back to the parallel with the Navy, the fast carrier can do certain things. On the other hand, the escort carrier, the smaller one which we use for antisubmarine warfare, that is another category entirely, and they are not capable of doing the job that a faster carrier can do, and the Joint Chiefs of Staff would concern itself with the general types, but not with the specific types within a broad category.

We have the same parallel in destroyers. The Joint Chiefs of Staff will recommend to the Secretary of Defense that the Navy operate so many destroyers or destroyer types.

Now, within that category we have destroyers which are especially configurated for radar pickets, for antisubmarine warfare, and for general-purpose destroyer work.

That question as to the distribution of special types within the broad category specified by the Joint Chiefs of Staff is a matter for decision by the Navy.

Does that answer your question, Mr. Wigglesworth?

Mr. WIGGLESWORTH. Yes, I think it does.

Admiral FECHTELER. May I say this off the record?

(Discussion off the record.)

CHARACTERISTICS OF THREE CARRIER TYPES

Mr. WIGGLESWORTH. I understand, then, that the *Forrestal* type, the modernized *Essex* type, and the *Midway* type are all considered in the same category by the Navy?

Admiral FECHTELER. They are all fleet carriers, yes, sir; but they have varying capabilities within that category.

Mr. WIGGLESWORTH. Can you give is a few comparative figures with respect to those three types off the record, if possible, and if not, off the record, for instance, the cost, the tonnage, the speed, and the proposed number of planes they will carry.

Admiral FECHTELER. I think the number of planes probably better be off the record.

(Discussion off the record.)

Mr. WIGGLESWORTH. Can the speeds go on the record?

Admiral FLETCHER. Yes, the speeds will be practically the same.

Mr. WIGGLESWORTH. For all three of them?

Admiral FECHTELER. For all three classes; yes, sir.

Mr. WIGGLESWORTH. What is that roughly?

Admiral FECHTELER. About 32 knots top sustained speed.

Mr. WIGGLESWORTH. How about the tonnage?

Admiral FECHTELER. The tonnage of the converted *Essex* runs around 34,000 tons. The tonnage of the *Midway* class is 45,000, and the *Forrestal* will be 60,000 tons.

Mr. WIGGLESWORTH. The tonnage of the *Midway* is 45,000?

Admiral FECHTELER. Yes, sir.

The over-all length of the *Essex* is 876 feet; of the *Midway* class, 968 feet, and of the *Forrestal* class 1,033 feet.

Mr. WIGGLESWORTH. How about the cost?

Admiral FECHTELER. We can furnish that for the record, Mr. Wigglesworth.

AIRCRAFT CARRIER COSTS

Mr. WIGGLESWORTH. The cost of the *Forrestal* you told us this morning is something like $204,500,000; did you not?

Admiral FECHTELER. That is right, sir.

Mr. WIGGLESWORTH. If you do not have the other two figures now, will you please supply them when you revise your remarks?

Admiral FECHTELER. Yes, sir; you will want for that purpose, I believe, the original contract cost?

Mr. WIGGLESWORTH. That will be all right.

(The matter referred to is as follows:)

Original construction and machinery costs

Essex (CV9)	$46, 194, 000
Midway (CVV41)	75, 057, 000

Mr. FERNANDEZ. Off the record.

(Discussion off the record.)

Mr. WIGGLESWORTH. What do you foresee the Navy will require as you look ahead? Will the number of the *Forrestal* type of carrier be substantially increased?

Admiral FECHTELER. The Secretary has publicly stated that the Navy would plan for one of the *Forrestal* type per year for 10 years.

Mr. WIGGLESWORTH. Can the *Forrestal* type go into the same waters that the other types can go into? Is there any disadvantage in respect to where it can operate?

Admiral FECHTELER. No, sir, it can do the same thing. Now, the *Midway* class draws a little more water, is deeper in the water than the *Essex* class, and the *Forrestal* will draw about the same as the *Midway* class.

Mr. WIGGLESWORTH. What does the *Essex* class draw?

Admiral FECHTELER. About 29 feet.

Admiral WALLIN. Well, the modernized *Essex*, I think, will go about 30 feet.

Admiral FECHTELER. Thirty feet. Off the record.

(Discussion off the record.)

FLIGHT DECK LIMITATIONS ON PLANE SIZE

Mr. WIGGLESWORTH. Now, do I understand from what you said this morning that the heavier planes cannot operate with safety from the *Essex* or *Midway* types of carrier?

Admiral FECHTELER. The very latest planes which we have on order cannot operate on the *Essex* class because of the limitations of the wooden flight decks and the impossibility of replacing those flight decks with steel decks.

Now, the largest plane which we have now which can operate from a carrier, the A–J, can operate from the *Midway* class. That is the plane which can carry the atomic bomb.

Mr. WIGGLESWORTH. If this carrier can be constructed in 30 months why do you show expenditures running all the way into 1958?

Admiral WALLIN. Well, sir, the expenditures do not keep up with the construction, Mr. Wigglesworth. Obligations are incurred and have to be met at a later date.

In addition to that we have a 27 month run-out on appropriations for new construction, 12 months for making good items, and 15 months thereafter to pick up the obligations.

Mr. WIGGLESWORTH. If the order for this carrier were placed in the summer of 1953 it should be ready by December of 1955?

Admiral WALLIN. Yes, sir.

Mr. WIGGLESWORTH. But you are asking for something like $70 million that you are not going to pay out until after that date.

Admiral WALLIN. Twenty-seven months after that is what it amounts to.

Mr. WIGGLESWORTH. Twenty-seven months after delivery?

Admiral WALLIN. Twenty-seven months after delivery; yes, sir. We are scheduling this delivery for December 1955. That may well run into the early part of 1956.

Mr. WIGGLESWORTH. That is all, Mr. Chairman.

CIVILIAN PERSONNEL—BUREAU OF SHIPS

Mr. SHEPPARD. I would like to have you get together and insert in the record at this point a civilian personnel statement and summary tabulation along the following lines for the Bureau of Ships: by appropriation, by budget activity or shipbuilding programs, the number on board as of June 30, 1951, December 31, 1951, June 30, 1952, June 30, 1953, and segregate the employees as to white collar and blue collar workers, and the man-years for 1952 and 1953 and personal service costs for 1953.

Now, in making the tabulation, can you in those appropriations segregate the man-years of employment for 1952 and 1953 as between those applicable to prior appropriations and those applicable to funds being requested in the 1953 budget?

Admiral WALLIN. Yes, sir, we can do all that, except you indicated there by budget activity. I think that would be very difficult. Yes, sir, we can do that.

Mr. SHEPPARD. All right; I would like very much to have that compilation put in the record at this point.

(The matter referred to is as follows:)

Actual and planned civilian employment as submitted in 1953 budget

Appropriation	Fiscal year 1951			Fiscal year 1952									Fiscal year 1953						
	As of June 30, 1951, number on board, actual			As of Dec. 31, 1951, number on board, actual			As of June 30, 1952, number on board, planned			Man-years				As of June 30, 1953, number on board, planned			Man-years			
	Total	White collar (IVB)	Blue collar (non-IVB)	Total	White collar (IVB)	Blue collar (non-IVB)	Total	White collar (IVB)	Blue collar (non-IVB)	Total	White collar (IVB)	Blue collar (non-IVB)	Amount	Total	White collar (IVB)	Blue collar (non-IVB)	Total	White collar (IVB)	Blue collar (non-IVB)	Amount
Ships and facilities, Navy, total	91,461	20,532	71,109	94,678	20,895	73,783	104,714	22,124	82,590	95,633	20,755	74,878	$400,022,600	102,455	21,888	80,567	102,053	21,764	80,289	$435,304,100
Current year funds	82,950	18,108	64,842	76,952	16,771	60,181	97,287	20,136	77,151	79,600	17,508	62,092	332,970,100	95,091	19,719	75,372	85,836	18,601	67,235	365,780,500
Prior year funds	8,511	2,244	6,267	17,726	4,124	13,602	7,427	1,988	5,439	16,033	3,247	12,786	67,052,500	7,364	2,169	5,195	16,217	3,163	13,054	69,523,600
Activity 1, total	47,502	6,650	40,852	48,445	6,976	41,469	52,454	7,711	44,743	46,886	6,752	40,134	194,100,800	59,400	8,969	50,431	57,645	8,589	49,056	243,549,600
Current year funds	43,283	6,060	37,223	39,474	5,684	33,790	48,741	7,165	41,576	38,771	5,890	32,881	161,113,000	56,331	8,506	47,825	47,785	7,418	40,367	211,387,500
Prior year funds	4,219	590	3,629	8,971	1,292	7,679	3,713	546	3,167	8,115	862	7,253	32,987,800	3,069	463	2,606	9,860	1,171	8,689	32,162,100
Activity 2, total	3,495	489	3,006	3,976	573	3,403	4,800	706	4,094	4,195	604	3,591	17,365,200	4,850	732	4,118	4,833	720	4,113	20,418,000
Current year funds	3,186	446	2,740	2,992	431	2,561	4,503	662	3,841	3,305	475	2,830	13,683,000	4,728	714	4,014	4,565	680	3,885	19,284,000
Prior year funds	309	43	266	984	142	842	297	44	253	890	129	761	3,682,200	122	18	104	268	40	228	1,134,000
Activity, total	1,803	252	1,551	2,178	314	1,864	2,800	412	2,388	2,573	371	2,202	10,653,100	1,390	196	1,104	1,564	233	1,331	6,608,300
Current year funds	1,621	227	1,394	1,361	196	1,165	2,614	384	2,230	1,834	264	1,570	7,592,900	1,190	180	1,010	1,320	197	1,123	5,579,000
Prior year funds	182	25	157	817	118	699	186	28	158	739	107	632	3,060,200	110	16	94	244	36	208	1,029,300
Activity 5, total	1,797	252	1,545	1,894	273	1,621	2,200	323	1,877	1,962	283	1,679	8,046,100	1,800	272	1,528	1,936	288	1,648	8,035,700
Current year funds	837	117	720	208	30	178	1,717	252	1,465	438	63	375	1,798,300	1,387	209	1,178	1,027	153	874	4,263,000
Prior year funds	960	135	825	1,686	243	1,443	483	71	412	1,524	220	1,304	6,247,800	413	63	350	909	135	774	3,772,700
Activity 6, total	30,196	7,792	22,404	30,486	7,295	23,191	33,000	6,485	26,515	31,813	6,971	24,842	131,384,300	23,615	3,952	19,663	24,990	4,412	20,578	104,528,400
Current year funds	29,599	7,638	21,961	28,393	6,794	21,599	32,257	6,339	25,918	29,920	6,969	23,224	123,536,900	22,933	3,838	19,095	23,490	3,771	19,719	98,250,000
Prior year funds	597	154	443	2,093	501	1,592	743	146	597	1,893	275	1,618	7,847,400	682	114	568	1,500	641	859	6,278,400

Activity 7, total	3,760	2,181	1,579	4,829	2,786	2,043	6,500	3,738	2,762	5,275	3,044	2,231	24,309,700	8,300	4,773	3,527	7,947	4,585	3,362	36,756,100
Current year funds	1,540	893	647	1,667	962	705	4,495	2,585	1,910	2,414	1,393	1,021	11,124,400	5,332	3,278	2,054	4,511	3,445	1,066	11,609,000
Prior year funds	2,220	1,288	932	3,162	1,824	1,338	2,005	1,153	852	2,861	1,651	1,210	13,185,300	2,968	1,495	1,473	3,436	1,140	2,296	25,147,100
Activity 8, total	225	81	144	234	70	164	260	79	181	244	73	171	950,400	235	71	164	243	73	170	948,000
Current year funds	201	72	129	221	66	155	260	79	181	233	70	163	908,600	235	71	164	243	73	170	948,000
Prior year funds	24	9	15	13	4	9				11	3	8	41,800							
Activity 9, total	2,683	2,655	28	2,636	2,608	28	2,700	2,670	30	2,685	2,657	28	13,213,000	2,955	2,923	32	2,895	2,864	31	14,460,000
Current year funds	2,683	2,655	28	2,636	2,608	28	2,700	2,670	30	2,685	2,657	28	13,213,000	2,955	2,923	32	2,895	2,864	31	14,460,000
Prior year funds																				
New construction, total	38,709	7,695	31,014	41,057	8,209	32,857	41,858	8,485	33,100	40,963	8,209	32,754	180,301,700	45,953	9,257	36,696	45,972	9,241	36,731	203,311,900
Increasement and replacement of naval vessels (construction and machinery), prior year funds	384	156	228	849	225	624	350	101	249	1,329	302	1,027	6,487,200	65	23	42	233	56	177	1,027,600
Construction of ships, Navy, total	38,325	7,539	30,786	29,446	5,580	23,866	18,339	3,753	14,586	27,837	5,311	22,526	121,729,500	7,041	1,615	5,426	9,411	2,129	7,282	41,728,600
1948	3,477	684	2,793	3,354	635	2,719	1,940	397	1,543	3,173	605	2,568	13,876,500	393	90	303	659	149	510	2,919,400
1949	20,661	4,064	16,597	3,472	658	2,814	2,007	411	1,596	3,283	626	2,657	14,354,009	2,240	514	1,726	3,755	850	2,905	16,637,000
1950	4,818	948	3,870	5,571	1,056	4,515	2,266	464	1,802	5,266	1,005	4,261	23,029,500	241	55	186	404	91	313	1,791,400
1951	9,369	1,843	7,526	17,049	3,231	13,818	12,126	2,481	9,645	16,115	3,075	13,040	70,469,500	4,167	956	3,211	4,593	1,039	3,554	20,380,800
Shipbuilding and conversion, Navy, total				10,762	2,395	8,367	22,896	4,631	18,265	11,797	2,596	9,201	52,085,000	38,847	7,619	31,228	36,328	7,056	29,272	160,555,700
Current year funds				8,571	1,907	6,664	18,234	3,687	14,547	7,438	1,637	5,801	32,841,100	4,987	978	4,009	2,180	424	1,756	9,633,900
Prior year funds				2,191	488	1,703	4,662	944	3,718	4,359	959	3,400	19,243,900	33,860	6,641	27,219	34,148	6,632	27,516	150,921,800
1951 program				2,191	488	1,703	4,662	944	3,718	4,359	959	3,400	19,243,900	4,738	929	3,809	4,779	928	3,851	21,119,400
1952 program				8,571	1,907	6,664	18,234	3,687	14,547	7,438	1,637	5,801	32,841,100	29,122	5,712	23,410	29,369	5,704	23,665	129,802,400
1953 program														4,987	978	4,009	2,180	424	1,756	9,633,900

SHIPS COMPARED WITH COMBAT UNITS

Mr. WIGGLESWORTH. Let me ask a broad question:

Is the number of ships the Navy is requesting determined in respect to the number of fighting units that it is decided it is necessary to have in being, or what is the basis for arriving at the figures that you have presented to the committee?

Admiral FECHTELER. The Navy has what we call our basic mobilization plan, which is our estimate of what we will require to fight a war.

In addition to that, we have the force levels for any particular period—the force level for this fiscal year and the next fiscal year, for example.

Then we have the business, the very important element, of modernization of types; that is to say, we feel that we must keep pace with the requirements as we visualize them today and in the future and we must be in a position to make use of the developments of research.

As an example of that, there is the present program whereby we are converting two heavy cruisers which were built during the last war into guided missile ships.

The ships that are requested in this program here are for the broad purposes of enabling us to keep the Navy modern; to avoid the situation where all of a sudden we would find a large proportion of the Navy obsolete or obsolescent, and in some aspects to make up for known deficiencies.

(Discussion off the record.)

Mr. WIGGLESWORTH. Is the mobilization force determined as necessary to fight a war based on our own, so to speak, or is there taken into consideration under present conditions the naval strength which could be contributed by our allies?

Admiral FECHTELER. Both considerations are taken into account.

Mr. WIGGLESWORTH. When will that mobilization force under the present program be achieved, either on or off the record?

Admiral FECHTELER. Off the record.

(Discussion off the record.)

ACTIVATION OF U. S. S. "BRAINE"

Mr. SHEPPARD. I have had another situation referred to the committee that I would like to inquire into at this time.

A communication was addressed to Congressman Mahon relative to a situation where it was felt that the Navy was making too many shake-down trips with reference to the activation of the U. S. S. *Braine*, and I will quote the second paragraph:

> Activation of the U. S. S. *Braine* was commenced on February 27, 1951, in the Charleston, S. C., Navy Yard where the ship remained until May 23, 1951. In June and July the ship was engaged on a shake-down at Guantanamo Bay, Cuba. On September 18 the *Braine* entered the Boston Navy Yard for a modernization overhaul that will last through January 1952. Another shake-down at Guantanamo is scheduled for February and March. In the course of a year this ship will have spent 7 months in two navy yards and 4 months on two shake-downs, with only 1 month operational.
>
> A casual check on the *Braine* reveals that, among other things, the following pieces of equipment were activated by the Charleston Navy Yard, only to be removed in Boston:
>
> Six 20-millimeter twin mounts
> One 5-inch .38-caliber mount
> Five 40-millimeter mounts

One radar, mark 12
One radar, mark 22
One sonar system QJB
One 26-foot motor whaleboat
Five mark 51 gun directors
Six life-raft stowages
Three floater net baskets
One fire-control telephone coordinate control system
One foremast

All of the above are being replaced by other types of equipment as part of the ship's modernization.

Below follows a list of some equipment that was activated but is now being modified:

Two ships service generators
Four 5-inch .38 gun mounts
Two radio rooms with equipment
One deck-house expansion joint, various living compartments, various stowage lockers

All the above are being modified, not due to any fault of activation, but to accommodate other changes now being made in the present overhaul.

Here is a list of equipment brought on new or made in Charleston, now being removed:

Six ready service ammunition boxes
Six gun sights, mark 14
Spare parts boxes
Chart and chronometer stowage
Fittings for fueling at sea

The objection expressed here seems to be that two shake-down trips were unnecessary and that there is a multiplicity of handling from one port of operation to another port of operation. Apparently this communication was referred to the Department of the Navy because I find attached here a copy of a response signed by Admiral D. B. Duncan, Vice Chief of Naval Operations. That reply was dated October 19, 1951. The other letter that I referred to is dated November 29, 1951.

The response of Admiral Duncan is as follows:

DEPARTMENT OF THE NAVY,
OFFICE OF THE CHIEF OF NAVAL OPERATIONS,
Washington, D. C., October 19, 1951.

Hon. GEORGE MAHON,
House of Representatives, Washington 25, D. C.

MY DEAR MR. MAHON: Your letter of October 5, 1951, addressed to the Navy Liaison Office, with its enclosure, has been referred to this office for reply.

The Navy Department will be glad to furnish you any information on this subject which you may require. Unfortunately, your correspondent has not provided sufficient details to enable the questions to be related to any particular ship or ships. This reply must therefore be in very general terms.

A procedure such as your correspondent described is not being used on "hundreds of ships" as he states.

In the activation of ships it is usual practice to incorporate certain improvements resulting from advances in naval science, when this can be done without undue delay. Sometimes delays in receipt of material make it more appropriate to carry out this work after shake-down. The necessity for certain repairs often becomes apparent during shakedown, as would occur with any machinery, naval or otherwise, after long periods of "storage."

These measures are not of themselves wasteful. Neither is the accomplishment of work at more than one shipyard wasteful, though it does sometimes run counter to the personal preferences of individuals.

Do you have anything to add to that?

Admiral FECHTELER. Well, sir, that sounds to me as though it were a case of a ship being taken out of moth balls and put in commission with the equipment that was on board at the time that it

was taken out of moth balls, plus what else they could do during the activation. Then she goes down for a shake-down and then she comes back and goes into a conversion process, and that entails a longer period of time at the navy yard, and then she goes down for a shake-down again.

It is our custom, which we have found essential to efficiency, that always the ship goes through either a shake-down or a refresher training period following a long period in the navy yard. It is impossible to keep up the combat efficiency in the navy yard because of interference by the yard activities and because during that period there are usually extensive changes in personnel. A statement of the U. S. S. *Braine's* activation will be inserted.

(The material referred to is as follows:)

The chronological order of events in connection with the activation and subsequent availabilities of *Braine* are summarized as follows:

Events	Date	Cost
Commenced activation	Mar. 20, 1951	
Commissioned	Apr. 6, 1951	
Ship reported to Type Commander	Apr. 27, 1951	
Restricted availability ChasnNavShipYd	Apr. 28 to May 23, 1951	
Cost of yard assistance during activation plus cost of restricted availability		$87,922.23
Shake-down training and routine operations under ComDesLant	May 28 to Sept. 18, 1951	
Postactivation availability for 3-inch/50 conversion	Sept. 18 to Jan. 19, 1952	[1] 3,000,000.00
Refresher training and routine operations under ComDesLant		

[1] Estimated.

During the postactivation availability the following major changes to the ship were accomplished:

New installation:
- Three-inch 50 RF battery
- Mark 25 radar
- Twin mark 11 hedgehogs
- Squadron commander's cabin

Removals:
- Entire 40-millimeter battery and 5-inch 38 mount No. 3
- Mark 12 radar
- Entire 20-millimeter battery
- One motor whaleboat

A review of the navy yard work accomplished during the activation and restricted availability immediately following activation indicates that funds were expended on items subsequently removed as follows:

40-millimeter battery	$233.84
20-millimeter battery	379.87
Sights for 20-millimeter and 40-millimeter guns	641.30
5-inch 38 mount No. 3	[1] 252.63
Mark 12 radar	305.15
1 26-foot motor whaleboat	1,464.21
Total	3,277.00

[1] Estimated.

Mr. SHEPPARD. Insofar as the subject matter that I have referred to is concerned, you consider that this situation has been covered and that the operation of a dual shake-down was essential?

Admiral FECHTELER. Yes.

Obligation Data

Shipbuilding and Conversion

Amounts available for obligation

	1951 actual	1952 estimate	1953 estimate
Appropriation or estimate		$1,343,297,000	$944,306,000
Prior year balance available			84,687,000
Balance transferred from "Construction of ships, Navy," pursuant to Public Law 179		12,614,880	
Reimbursements from other accounts		84,687,000	
Total available for obligation		1,440,598,880	1,028,993,000
Balance available in subsequent year		−84,687,000	
Obligations incurred		1,355,911,880	1,028,993,000
Comparative transfer from "Construction of ships, Navy"	$124,385,120		
Total obligations	124,385,120	1,355,911,880	1,028,993,000

Obligations by activities

Description	1951 actual	1952 estimate	1953 estimate
1. Fiscal year 1952 program	$124,385,120	$1,355,911,880	
2. Fiscal year 1953 program			$1,028,993,000
Total obligations	124,385,120	1,355,911,880	1,028,993,000

Obligations by objects

Object classification	1951 actual	1952 estimate	1953 estimate
Total number of permanent positions		12,268	37,367
Full-time equivalent of all other positions		1	1
Average number of all employees		11,797	36,328
Deduct number paid from project order funds		11,797	36,328
Average number of employees paid from 01 Personal services			
Average salaries and grades:			
General schedule grades:			
Average salary		$4,748	$4,745
Average grade		GS–6.7	GS–6.5
Crafts, protective, and custodial grades:			
Average salary		$3,513	$3,510
Average grade		CPC–5.6	CPC–5.5
Ungraded positions: Average salary		$3,657	$3,802
01 Personal services:			
Permanent positions		$45,587,400	$143,755,800
Part-time and temporary positions		5,000	5,000
Regular pay in excess of 52-week base		175,300	552,900
Payment above basic rates		6,317,300	16,242,000
Total personal services		52,085,000	160,555,700
Deduct amounts financed from project orders charged to object class 09		52,085,000	160,555,700
Net personal services			
09 Equipment	$124,385,120	1,355,911,880	1,028,993,000
Total obligations	124,385,120	1,355,911,880	1,028,993,000

Construction of Ships

Amounts available for obligation

	1951 actual	1952 estimate	1953 estimate
Appropriation or estimate	$747,200,000	$77,353,000	$140,133,000
Transferred to "Facilities, Navy," pursuant to Public Law 179		−375,000	
Adjusted appropriation or estimate	747,200,000	76,978,000	140,133,000
Applied to contract authorization	−76,400,000	−55,961,000	−87,860,000
Prior year balance available:			
Appropriation	6,248	142,849,216	
Contract authorization	19,866,266	5,091,129	
Balance transferred to "Shipbuilding and conversion, Navy," pursuant to Public Law 179		−12,614,880	
Reimbursements from other accounts	745,324		
Total available for obligation	691,417,838	156,342,465	52,273,000
Balance available in subsequent year:			
Appropriation	−142,849,216		
Contract authorization	−5,091,129		
Obligations incurred	543,477,493	156,342,465	52,273,000
Comparative transfer to "Shipbuilding and conversion, Navy"	−124,385,120		
Total obligations	419,092,373	156,342,465	52,273,000

Obligations by activities

Description	1951 actual	1952 estimate	1953 estimate
Direct Obligations			
1. Fiscal year 1948 program	$34,654,241	$18,564,673	$18,035,000
2. Fiscal year 1949 program	22,311,181	18,766,121	−6,120,000
3. Fiscal year 1950 program	38,635,963	16,560,335	3,913,000
4. Fiscal year 1951 program	322,745,664	102,451,336	36,445,000
Total direct obligations	418,347,049	156,342,465	52,273,000
Obligations Payable Out of Reimbursements From Other Accounts			
5. Reimbursements program	745,324		
Total obligations	419,092,373	156,342,465	52,273,000

Obligations by objects

Object classification	1951 actual	1952 estimate	1953 estimate
Total number of permanent positions	34,517	27,702	9,475
Full-time equivalent of all other positions	1		
Average number of all employees	23,467	27,837	9,411
Deduct number paid from project order funds	23,467	27,837	9,411
Average number of employees paid from 01 Personal services			
Average salaries and grades:			
General schedule grades:			
Average salary	$4,326	$4,670	$4,668
Average grade	GS–6.6	GS–6.5	GS–6.5
Crafts, protective, and custodial grades:			
Average salary	$3,187	$3,527	$3,522
Average grade	CPC–5.5	CPC–5.8	CPC–5.5
Ungraded positions: Average salary	$3,583	$3,657	$3,802
Personal service obligations:			
Permanent positions	$87,204,387	$106,432,300	$37,734,500
Part-time and temporary positions	5,213		
Regular pay in excess of 52-week base		409,400	143,700
Payment above basic rates	10,915,733	14,887,800	4,210,400
Total personal service obligations	98,125,333	121,729,500	41,128,600
Deduct amounts financed from project orders charged to object class 09	98,125,333	121,729,500	41,128,600
Net personal service obligations			
Direct Obligations			
09 Equipment	418,347,049	156,342,465	52,273,000
Obligations Payable Out of Reimbursements From Other Accounts			
09 Equipment	745,324		
Total obligations	419,092,373	156,342,465	52,273,000

Increase and Replacement of Naval Vessels

Amounts available for obligation

	1951 actual	1952 estimate	1953 estimate
Appropriation or estimate	$83,800,000	$45,000,000	$12,500,000
Applied to contract authorization	−83,800,000	−45,000,000	−12,500,000
Prior year balance available:			
Appropriation	2,204,448		
Contract authorization	19,000,000		
Administrative adjustment in value of contract authorization, prior years	10,900,000		
Reimbursements from other accounts	1,200,595		
Obligations incurred	33,305,043		

Obligations by activities

Description	1951 actual	1952 estimate	1953 estimate
Direct Obligations			
Shipbuilding	$32,104,448		
Obligations Payable Out of Reimbursements From Other Accounts			
Reimbursements program	1,200,595		
Obligations incurred	33,305,043		

Obligations by objects

Object classification	1951 actual	1952 estimate	1953 estimate
Total number of permanent positions	4,689	1,469	240
Average number of all employees	4,486	1,329	233
Deduct number paid from project order funds	4,486	1,329	233
Average number of employees paid from 01 Personal services			
Average salaries and grades:			
General schedule grades:			
Average salary	$4,351	$4,726	$4,725
Average grade	GS-6.6	GS-6.6	GS-6.6
Crafts, protective, and custodial grades:			
Average salary	$3,175	$3,503	$3,496
Average grade	CPC-5.5	CPC-5.5	CPC-5.5
Ungraded positions: Average salary	$3,554	$3,623	$3,623
Direct Obligations			
01 Personal services:			
Permanent positions	$16,530,369	$5,123,600	$925,300
Part-time and temporary positions	180		
Regular pay in excess of 52-week base		19,700	3,600
Payment above basic rates	1,995,522	1,343,900	98,700
Total personal services	18,526,071	6,487,200	1,027,600
Deduct amounts financed from project orders charged to object class 09	18,526,071	6,487,200	1,027,600
Net personal services			
09 Equipment	32,104,448		
Total direct obligations	32,104,448		
Obligations Payable Out of Reimbursements From Other Accounts			
09 Equipment	1,200,595		
Obligations incurred	33,305,043		

Ships and Facilities

Amounts available for obligation

	1951 actual	1952 estimate	1953 estimate
Appropriation or estimate	$1,553,978,000	$1,537,452,000	$1,287,000,000
Transferred from—			
"Emergency fund, Department of Defense," pursuant to Public Law 843, 81st Cong	12,906,000		
"Emergency fund, Department of Defense," pursuant to Public Law 911, 81st Cong	1,317,000		
"Transportation service, Army," pursuant to 5 U. S. C. 172	141,450		
Transferred to—			
"Signal service of the Army," pursuant to 5 U. S. C. 172	−176,400		
"Facilities, Navy," pursuant to Public Law 179		−5,870,000	
Adjusted appropriation or estimate	1,568,166,050	1,531,582,000	1,287,000,000
Reimbursements from other accounts	48,671,800	56,900,000	76,900,000
Total available for obligation	1,616,837,850	1,588,482,000	1,363,900,000
Unobligated balance, estimated savings (available for administrative reappropriation in subsequent year)	−2,089,368		
Obligations incurred	1,614,748,482	1,588,482,000	1,363,900,000
Comparative transfer from—			
"Aircraft and facilities, Navy"	287,505		
"Service-wide operations, Navy"	11,914,164	5,173,924	
"Service-wide supply and finance, Navy"		223,884	
"Ordnance and facilities, Navy"		375,000	
"Navy personnel, general expenses"		1,050	
Comparative transfer to—			
"Aircraft and facilities, Navy"		−41,150	
"Military personnel, Marine Corps"	−4,446,000		
"Medical care, Navy"	−28,083		
"Service-wide supply and finance, Navy"	−1,432,259		
"Civil engineering, Navy"	−3,989,388	−204,600	
"Research, Navy"	−841,506	−915,000	
"Military personnel, Navy"	−7,573,000		
"Marine Corps troops and facilities"	−2,780,000		
"Navy personnel, general expenses"	−29,678		
Total obligations	1,605,830,237	1,593,095,108	1,363,900,000

Obligations by activities

Description	1951 actual	1952 estimate	1953 estimate
Direct Obligations			
1. Maintenance and operation of active fleet	$604,244,841	$648,514,100	$618,493,000
2. Maintenance and preservation of reserve fleet	39,815,478	58,002,500	83,281,000
3. Maintenance and operation of naval reserve vessels	19,386,498	22,950,200	15,216,000
4. Fuel for ships	65,253,270	72,988,000	84,748,000
5. Electronics	558,422,392	340,649,100	143,589,000
6. Fleet support facilities	173,861,788	253,161,008	211,615,000
7. Research and development	66,653,098	96,858,200	103,151,000
8. Industrial mobilization	18,072,623	27,054,000	8,225,000
9. Departmental administration	11,448,449	16,018,000	17,682,000
Total direct obligations	1,557,158,437	1,536,195,108	1,287,000,000
Obligations Payable Out of Reimbursements From Other Accounts			
1. Maintenance and operation of active fleet	29,345,000	31,800,000	22,000,000
4. Fuel for ships	3,000,000	4,800,000	4,800,000
5. Electronics	10,966,906	13,900,000	46,100,000
6. Fleet support facilities	5,295,000	6,400,000	4,000,000
9. Departmental administration	64,894		
Total obligations payable out of reimbursements from other accounts	48,671,800	56,900,000	76,900,000
Total obligations	1,605,830,237	1,593,095,108	1,363,900,000

Obligations by objects

Object classification	1951 actual	1952 estimate	1953 estimate
Summary of Personal Services			
Total number of permanent positions	92,536	105,852	104,42
Full-time equivalent of all other positions	22	40	48
Average number of all employees	72,544	95,633	102,05
Deduct number paid from project order funds	11,829	29,276	41,66
Average number of employees paid from 01 Personal services	60,715	66,357	60,389
Average salaries and grades:			
General schedule grades:			
Average salary	$3,925	$4,369	$4,36
Average grade	GS–6.0	GS–6.1	GS–6.1
Crafts, protective, and custodial grades:			
Average salary	$3,026	$3,344	$3,33
Average grade	CPC–5.4	CPC–5.4	CPC–5.4
Ungraded positions: Average salary	$3,469	$3,552	$3,69
Personal service obligations:			
Permanent positions	$257,331,103	$353,959,700	$389,041,80
Part-time and temporary positions	123,404	221,500	262,40
Regular pay in excess of 52-week base		1,361,300	1,496,40
Payment above basic rates	34,889,336	44,480,100	44,503,50
Total personal service obligations	292,343,843	400,022,600	435,304,10
Deduct amounts financed from project orders charged to object classes 07, 08, and 09	48,557,115	122,433,700	178,615,60
Net personal service obligations	243,786,728	277,588,900	256,688,50
Direct Obligations			
01 Personal services	239,312,074	273,472,900	252,688,000
02 Travel	2,935,376	5,422,000	5,648,000
03 Transportation of things	2,317,119	8,068,000	3,655,000
04 Communication services	704,825	1,159,000	869,000
05 Rents and utility services	6,264,600	8,283,000	8,933,000
06 Printing and reproduction	1,603,201	2,313,000	2,514,000
07 Other contractual services	282,027,566	390,862,000	413,222,500
Services performed by other agencies	7,142,996	5,090,000	5,153,000
08 Supplies and materials	375,450,086	387,191,208	304,624,000
09 Equipment	636,670,249	449,880,000	286,073,000
10 Lands and structures	2,113,325	2,594,000	1,891,000
15 Taxes and assessments	617,020	1,860,000	1,729,000
Total direct obligations	1,557,158,437	1,536,195,108	1,287,000,000
Obligations Payable Out of Reimbursements From Other Accounts			
01 Personal services	4,474,654	4,116,000	4,000,000
05 Rents and utility services	400,000	500,000	700,000
06 Printing and reproduction	36,000	45,000	50,000
07 Other contractual services	90,240	230,000	820,000
08 Supplies and materials	16,173,000	12,275,000	20,412,000
09 Equipment	27,473,906	39,712,000	50,898,000
15 Taxes and assessments	24,000	22,000	20,000
Total obligations payable out of reimbursements from other accounts	48,671,800	56,900,000	76,900,000
Total obligations	1,605,830,237	1,593,095,108	1,363,900,000

General Statement of Chief of Bureau of Ships

Mr. Sheppard. We shall take up the statement of Admiral Wallin at this time.

Admiral Wallin. Following the outbreak of hostilities in Korea the Congress authorized a partial mobilization program which included certain shipbuilding and conversion work of the Navy which fell under the cognizance of the Bureau of Ships. Within the authority granted, the Bureau has prosecuted vigorously a continuing program in support of the over-all policy. Technically, our responsibilities included two major tasks:

(*a*) Keeping the Navy up to date by development and use of the latest available and practical scientific knowledge in the construction of new ships and new ship types.

(*b*) Strengthening the active fleet by incorporating in existing ships, through conversion and improvement programs, applicable advanced features to enable these ships to fulfill their assigned missions in compliance with the increasing military commitment of the United States.

The threat of Russian aggression required that emphasis be placed on anti-submarine-warfare developments, anti-mine-warfare developments, and the conversion of existing aircraft carriers to enable the handling of modern heavy-type planes. Further, it was essential that increased emphasis be given to the modernization of antiaircraft armament, to the development of guided-missile ships, antisubmarine carriers, and improved submarines for various specialized tasks.

As a business organization, we have endeavored to conduct all our operations on sound, businesslike principles to insure the acquisition of the best equipments required for our needs and for the building of good ships, thus obtaining the greatest return per dollar. We have been aware of the great amounts of money entrusted to our judgment and of the necessity for handling our procurements in a manner which would enable us to take advantage of all existing skills and techniques. We recognized further the necessity to avoid the problems incident to economic dislocation if our shipbuilding contracts were awarded ill-advisedly; rather, we have distributed our work among private shipyards in such a way as to build up the depressed shipbuilding industry, which is such a very important part of our national defense, and at the same time to exercise cost-consciousness for the benefit of the taxpayer.

While there was urgency connected with our share of the program, nevertheless, we sought competition on all contracts whenever possible. Nearly all of our contracts, both for ships and equipments, are based upon competitive negotiation with the largest possible number of firms invited to submit proposals. This type of competition in itself has a tendency to broaden the base of supply. Certain procurements must be by allocation, for example, where design development is involved. Whenever possible we avoid allocation in favor of competitive processes. In certain equipment specialties we are confronted with a "one source of supply" situation and, therefore, use mandatory subcontracting as a training basis for the development of additional sources of supply.

CONTRACT PROCUREMENT

We use the fixed-price contract whenever we have assurance that the price is right. Extensive use of competition, plus prior experience with a particular product, aids in determining what is a fair price. We believe that the Bureau is obtaining favorable pricing for the Government, particularly in the contracting for ships and small craft. In those cases where there is no price history, we frequently include a provision for price redetermination within a maximum ceiling. Cost and cost-plus-a-fixed-fee contracts are used sparingly and, in most instances, are confined to design-development projects where neither the scope of the work nor cost can be properly estimated in advance to the best interests of the Government.

The heart of our procurement system is our Contract Division. It is a team operation of business and technical specialists, since procurement to the Bureau of Ships means technical development as well as

actual purchase. We have in the Bureau experienced engineering-duty officers and key civilians who are skilled in developing the details of the complicated material which we buy. Their advice is constantly available to the negotiators who do the actual buying. We have about 40 or these civilian negotiators, and all of them have had business, accounting, or legal experience. After a project has been assigned to a negotiator, he is the manager of the deal from beginning to end and is personally responsible for the contract which results from the negotiations. He must be familiar with the pricing practices of the major companies with which he deals. I would point out, however, that the decisions the negotiator makes are not personal to one man but are the result of teamwork, for he works closely with the engineers and with legal counsel, and ultimately his decisions must be reviewed by the contracting officer and his deputy. We have no one-man deals.

To insure that prospective bidders understand what is involved in complicated procurements, we frequently invite representatives of all qualified companies to attend a conference at the Bureau. At these conferences the negotiator, the engineers and counsel, and many other Bureau representatives discuss with the businessmen the important features of the specifications and special contractual provisions relating to the job at hand. This helps prevent misunderstanding by bidders over the provisions of the proposed contract.

We have in the Contract Division a section responsible for procurement policy and planning. This is the focal point for interpreting and carrying out all the procurement directives of the Munitions Board, the Office of Naval Material, and the Department of Defense. Every procurement request is reviewed by this section before any procurement action is begun. Its personnel work closely with our engineering branches. They must review the completeness of the list of prospective suppliers compiled for each procurement. They must decide whether competition is obtainable or whether negotiations must be undertaken with a sole source. They must analyze each request for procurement to determine the best way to handle it. Their work gives centralized direction to the work of the entire Contract Division.

PARTICIPATION OF SMALL BUSINESS

The Bureau has a small-business specialist who coordinates the Bureau's effort to see that small-business firms are afforded every opportunity to obtain work for which they are qualified. This specialist interviews and advises representatives of small-business firms, reviews all Bureau procurements to make sure that such firms have an opportunity to submit bids or quotations on work which they can perform, and coordinates the Bureau's small-business program with the other bureaus of the Navy Department.

We feel that our efforts to place a fair share of contracts with small-business firms have been rewarding. During the first 6 months of the fiscal year 1952 we awarded prime production contracts totaling approximately $578,000,000. Of this amount, we awarded 308 contracts totaling approximately $150,000,000 to small-business firms.

In the field of design development, we awarded 80 contracts totaling about $6,000,000 during that period. Of this amount, 35 prime con-

tracts totaling about $2,000,000 were awarded to small-business concerns.

Not all of our work can be done by small business, of course. Of the 670 contracts mentioned above, only 412 were susceptible of performance by small business; 388 or 82 percent of these were awarded to small-business firms. In terms of dollars, 63 percent of the work that could be done by small business was awarded to small business. This amounts to about 26 percent of our total procurement.

In addition to these prime contracts, work flows to small business through subcontracting. While we have no accurate records we estimate that of the subcontracting from prime vendors, perhaps as much as 60 percent is given to small business.

It should be emphasized that the policy and procedures outlined in the foregoing apply not only to shipbuilding and conversion contracts but to all our procurement responsibilities for machinery, equipment, and so forth.

SHIP CONSTRUCTION AND CONVERSION

The fiscal-year-1952 appropriation act authorized approximately $1,480,000,000 for a new program of ship construction and conversion under the cognizance of the Bureau of Ships—a total of 328 ships. As of this date, contracts have been negotiated or orders placed on virtually all of these ships. All in all, we consider the progress made in the awarding of contracts has been good. Initial progress in the actual construction of ships was somewhat disappointing due primarily to the increased lead time necessary for certain highly developed and complex items of equipment and material. The delay encountered has been primarily due to stringencies in material deliveries. It is possible, however, that we shall be able to hold fairly well to presently scheduled completion dates, assuming that the material situation improves as now seems likely.

PROCUREMENT FOR WATERCRAFT

Along with our responsibility for procurement of our own Navy programs, the Bureau of Ships is the single-service procurement agency for watercraft as required and authorized for the Army and Air Force. In fiscal year 1951 we obligated about $60,000,000. By the close of fiscal year 1952 it is estimated we will have obligated about $196,000,000, and the estimate for fiscal year 1953 is about $110,000,000. All contracts to date have been by competitive negotiation, and all awards have gone to private industry. This same procedure will hold true for that portion of the program remaining to be contracted and obligated.

With regard to the shipbuilding potential of the country, records show that the presently authorized shipbuilding and conversion programs, plus that proposed for fiscal year 1953, will not even approach the capacity of the country, either in facilities or manpower. During World War II, 1944 was our peak year of expenditure and 1953 is estimated to be the peak year for presently authorized and proposed programs. Estimated naval expenditures for 1953 will be approximately 15 percent of that actually expended in 1944. Manpower requirements will be approximately 25 percent of that actually em-

ployed on shipbuilding and conversion work in 1944. However, the actual number of plants and facilities involved in 1953 will approach approximately 50 percent of those furnishing services in 1944. This indicates the effect given to our efforts to "broaden the base" for ship and watercraft procurement.

Of the total volume of contracting for ship procurement and conversion handled in the Bureau within the past 2 years, 70 percent was given to private contractors and on the Navy fiscal-year-1953 program it is estimated approximately 65 percent will go to private industry.

There is no denying that shipbuilding costs have been seriously affected by postwar inflationary trends. The latest data available from the Bureau of Labor Statistics established that shipbuilding material costs as of November 1951 had increased 50.9 percent over the June 1946 price level. During the same period the cost of labor went up 28.7 percent and the over-all shipbuilding costs had increased by 34.4 percent. The foregoing obviously bear relationship to our costs; however, in considering the ship estimates in the proposed fiscal-year-1953 program it should be kept in mind that there has been accelerated development and much improvement in the materials required on shipboard today. This applies to electronic as well as other categories of equipment. Ships are exceedingly more complex today than in World War II, and it is not proper philosophy to compare dollar per dollar on identical ships and blame all the increased cost on material and labor. Another factor bearing on ship costs is that most all of our World War II ship types were multiple-ship programs. Thus design, development, administrative and other costs could be prorated over a greater number of ships.

On the whole, actual costs are exceeding somewhat our earlier estimates on the shipbuilding and conversion programs. Obviously, increasing price levels on material and labor are partially responsible. Other factors have their contributing effect, including additional expense involved by our effort through design changes to eliminate the use of those materials in critical supply; delays in completion due to material shortages; unavoidable design changes to permit the incorporation of recently developed and improved weapons and equipment and the installation of interim (substitute) equipment to enable earliest possible ship completions but which later require ultimate removal and replacement when the originally intended equipment does become available. Another item, and which is beyond our control, is the added expense stemming from strikes and work stoppages.

At the present time it is estimated on the fiscal-year-1952 program that actual costs may exceed our estimates by nearly 10 percent. If general price levels continue to rise, we may not be able to forestall further increases in the final costs.

The 1953 budget request for Navy shipbuilding and conversion is divided into three appropriations: "Increase and replacement of naval vessels, construction and machinery," "Construction of ships, Navy," and "Shipbuilding and conversion, Navy."

INCREASE AND REPLACEMENT OF NAVAL VESSELS, CONSTRUCTION AND MACHINERY

This appropriation is the appropriation which financed the vast shipbuilding effort of World War II. It is fully obligated. The cash requested for fiscal year 1953, $12,500,000, will be used during that year for the liquidation of obligations covering completion of the U. S. S. *Northampton* and for delayed charges against other ships in the program.

CONSTRUCTION OF SHIPS, NAVY

This appropriation includes the programs initiated during fiscal years 1948 through 1951. Under this appropriation obligational authority in the amount of approximately $1,086,000,000 has been granted. New obligational authority and corresponding cash appropriation of $52,000,000,000 are requested to meet price increases due to increased costs of labor and material, and to refinements in the design and characteristics of vessels being constructed or undergoing conversion, as well as to provide additional components and equipment needed to permit the maximum utilization of the latest technological developments. An additional cash appropriation of $88,000,000 is required for payment of obligations previously authorized but not funded, resulting in an aggregate cash appropriation request of $140,000,000.

SHIPBUILDING AND CONVERSION, NAVY

This appropriation includes the 1952 program and the proposed 1953 program. Obligational authority, fully funded, presently approved under this head is approximately $1,560,000,000. The proposed 1953 program, totaling $1,029,000,000, will require new obligational authority and funding of $944,000,000 in addition to $85,000,000 to be received as reimbursements resulting from cash sales of Navy ships under the Mutual Defense Assistance program.

CONSTRUCTION OF SHIPS, NAVY

The total available obligational authority under this appropriation is $1,086,000,000. Of this amount $1,028,000,000, or 95 percent, was obligated and committed as of January 31, 1952. It is estimated that the remaining $58,000,000 will be obligated prior to the end of this fiscal year.

SHIPBUILDING AND CONVERSION, NAVY

The total available under this appropriation for fiscal year 1952 is $1,480,000,000, of which $1,145,000,000, or 77.4 percent, was obligated and committed as of January 31, 1952. It is estimated that the remaining $335,000,000 will be obligated prior to the end of this fiscal year.

(The following information was furnished for the record:)

UNEXPENDED BALANCES

Construction of ships, Navy

(1) Available for obligation fiscal year 1952	$146, 095, 059
(2) Obligated July 1 to Dec. 31, 1951	68, 807, 779
(3) Percent obligated	47. 10

NOTE.—In addition to the amount in item (2) a total of $23,120,166 was committed as of Dec. 31, 1951.

Budget activity:	*Unexpended balance of obligational authority as of Dec. 31, 1951*
1948 program	$111, 667, 615
1949 program	57, 409, 658
1950 program	74, 744, 109
1951 program	324, 544, 137
Total	568, 365, 519
Expenditures	[1] −41, 477, 793
Total "Construction of ships, Navy" unexpended balance, Dec. 31, 1951	526, 887, 726

[1] Represents expenditures for: (*a*) shipbuilding materials not yet issued to ships in programs and (*b*) other costs not yet identifiable by ships in programs.

TUESDAY, MARCH 18, 1952.

Mr. SHEPPARD. The committee will come to order.

SHIPBUILDING APPROPRIATIONS

Captain SEABRING. This first chart entitled "Shipbuilding Appropriations, Status of Programs as of January 31, 1952," shows the over-all fiscal picture of the "Construction of ships, Navy" and "Shipbuilding and conversion, Navy" building programs. You will recall the CSN had its first program in 1948 and the 1951 program was the last program under that appropriation. The 1952 program was the first under the SCN shipbuilding appropriation.

The 1948 program had obligational authority in the amount of $294,001,000, of which $283,965,000 has been obligated and expenditures in the amount of $182,340,000 have already been made.

The 1949 program shows a comparable picture in varying amounts, as do the 1950 and 1951 programs. The 1952 program, which is our latest program, has been obligated to the amount of $818,556,000, with commitments of $163,300,000.

Mr. SHEPPARD. The chart that you are presently presenting shows the status of the programs as of January 31, 1952, and is reflected in colors for the purpose of giving the committee the information on the relative amounts involved, although the amounts themselves are not indicated, or reflected within the colors?

Captain SEABRING. That is correct, sir.

Mr. SHEPPARD. So, later on, you will be able to tie the spacing on your chart into the dollars; is that correct?

Captain SEABRING. That is correct. As soon as this yellow portion [indicating] is converted to contract form, firm contracts, that of course will take its position up on the top of the obligation authority.

This chart [indicating] is entitled "Fiscal year 1948 Shipbuilding and Conversion Program," and shows the fiscal progress of the program.

This is the present obligational authority which ties in with the previous chart. The solid red line is the actual expenditure line to date, and the dotted red line is the estimate expenditures for the completion of the program.

Mr. SHEPPARD. In other words, the solid red line is indicative of progress up to date?

Captain SEABRING. That is correct.

Mr. SHEPPARD. And the faint red line represents the program projected into the future, and none of it is consummated as of today?

Captain SEABRING. Yes. The bow of each silhouette indicates the completion date within the quarter for that fiscal year for that particular ship, sir. These indicate some slippage to date, sir.

Mr. SHEPPARD. Now, I see reflected a series of objects in the lower left-hand portion of that chart. I assume that those objects represent ships?

Captain SEABRING. Yes.

Mr. SHEPPARD. Without referring to a specific ship, how many ships are reflected in the first category?

Captain SEABRING. Each silhouette represents one vessel and the physical location of the bow of that silhouette represents the completion date of that vessel. These [indicating] are actually completed.

Mr. TABER. Which ones are completed, the ones on the left-hand corner?

Captain SEABRING. All these ships over here that are shown in red have been completed [indicating].

Mr. SHEPPARD. Those that are on the right side of the red line are the ships being projected into future construction. Some are under construction presently, I assume, and others are being projected for construction purposes?

Admiral LEGGETT. All are under construction in this present program. It is the 1948 program, and all those are actually being worked on.

Captain SEABRING. The last ship in this particular program is projected for completion in the second quarter of the fiscal year 1953, sir.

Mr. TABER. The funds have not been provided for finishing up the 1948 program?

Captain SEABRING. That is not completely funded. That is on the old basis of yearly appropriation for that portion of the work to be done in the ensuing fiscal year, sir. We are asking for a certain amount of money for funding that program.

Mr. SHEPPARD. That request is in the budget presently before the committee?

Mr. TABER. And the ships that are referred to are all under construction and under contract?

Captain SEABRING. Yes.

Mr. TABER. How many of those are completed from the 1948 program?

Captain SEABRING. Sixteen. These are conversions.

Mr. TABER. The ones that are completed are conversions, or are they new construction?

Captain SEABRING. All those are conversions. The red ones are conversions, sir.

Mr. TABER. And the others are new construction?

Captain SEABRING. Yes; the green are new construction.

Mr. TABER. The conversions have all been completed; is that right?

Captain SEABRING. That is correct, sir.

Mr. TABER. Why would there be a 1953 estimate if they have all been completed for the conversions?

Admiral LEGGETT. The new construction and conversions are lumped into one appropriation, sir. In other words, there was no distinction in the appropriation—no division between.

Mr. TABER. You have it set up here, 10 ships for construction, 1953 estimate $245,000,000, and down below you have it for the conversions, $54,000,000.

I do not see why there would be a figure for the conversions if they are all completed.

Captain SEABRING. You are looking at the expenditure sheet for that program, sir, and for each ship there is set aside a certain amount of money for their posttrial overhaul after completion.

Mr. TABER. It would not run into anything like these figures. This 1953 estimate, does that mean those are the figures that you are planning to spend, or that you are asking for in the appropriation?

Captain SEABRING. They are not the figures we are asking for; no, sir.

Admiral LEGGETT. That total figure, Mr. Taber, for conversion next year, is only $1,056,000.

Mr. SHEPPARD. That is to complete your conversion program?

Admiral LEGGETT. That is to complete the conversion program.

Mr. SHEPPARD. That is reflected under your 1953 request in the third column from the right-hand side?

Admiral LEGGETT. That is correct, sir.

Mr. TABER. In your new construction program you have $46,300,000, and there some of the contracts are let and some are not?

Admiral LEGGETT. No, sir; all the contracts are let.

Mr. TABER. All the contracts are let?

Admiral LEGGETT. Yes, and the ships are fairly along toward completion.

Mr. SHEPPARD. How many ships are involved?

Admiral LEGGETT. Ten ships are involved.

TOTAL 1953 FUND REQUIREMENTS

Mr. TABER. You are asking for how much money in this program for 1953?

Admiral LEGGETT. For the total program in the 1953 budget we are asking for $50,450,787.

Mr. TABER. These figures in this first column here on this page 11–C–5 indicate the over-all cost of the ship?

Admiral LEGGETT. May I correct the record, please? On page 11–C–5 appear the expenditures. In the other budget book which you have in front of you, on page 11–6——

Mr. TABER. Your request for the 1948 program is $18,000,000?

Captain SEABRING. That is correct, sir.

Mr. TABER. That does not show on this pink sheet?

Captain SEABRING. No, sir, because those are expenditures and they do not jibe with the requested increase in obligational authority on page 11–6.

Mr. TABER. How much money have you already had out of this?

Captain SEABRING. We have had $294,001,000. The revised total is $312,036,000, shown on page 11–5, the preceding page of your white book, sir.

Mr. TABER. You have had the $294,600,000 and you are asking for $18,000,000?

Captain SEABRING. Yes.

Mr. TABER. This is supposed to complete the 1948 program?

Captain SEABRING. No, sir. This is still on an annual funding basis. The 1948–51 programs are lumped in a single appropriation, and for completing the whole appropriation we will need an additional appropriation subsequent to 1953 of $72,454,000, shown on page 11–6 of your white book on the bottom line.

Mr. TABER. That is for the whole business?

Captain SEABRING. That is correct.

Mr. TABER. That is for the 1948 program?

Captain SEABRING. No, sir.

Mr. TABER. It is not broken down by programs?

TOTAL APPROPRIATIONS FOR 1948-50 PROGRAM

Captain SEABRING. It is not broken down by programs. I might state, Mr. Chairman, that the 1948, 1949, and 1950 programs are not fully funded. In other words, they are the three programs that require additional appropriations for the progressing of those programs during the next year.

However, the 1951 program is fully funded. Originally, the funds appropriated were equivalent to the estimate for the cost—the complete funding of those ships.

Mr. SHEPPARD. While your 1951 program is funded, you still have a request in to complete your program for 1948?

Captain SEABRING. That is correct—1948, 1949, and 1950 programs.

Mr. SHEPPARD. In order to clarify this record, instead of having it appear in different years, I would like to suggest that you pick up your 1948 program and tell me what was the balance that was necessary to be appropriated after you had expended your available funds for 1948? What was the carry-over you had to have appropriations for?

Mr. ALFORD. Mr. Chairman, the money which has been appropriated to liquidate obligations under the 1948 program has been merged in the account with the money that was made available for the liquidation of the 1949 and 1950 programs. There has been appropriated, up to the present time, for those programs all the cash we need except about $160,000,000.

Mr. SHEPPARD. When you say "all the cash you need," do you have the total figure there so that you can give us the answer?

Captain SEABRING. $160,314,000, sir.

Mr. TABER. The revised program does not jibe with that. Your revised program shows for 1948, 1949, and 1950, on that page only, something like $15,000,000 unfinanced. I do not understand.

Captain SEABRING. Those are repricing costs for those programs, sir.

Mr. TABER. But the whole thing seems to have been provided except about $15,000,000.

Captain SEABRING. No, sir. That is a very difficult sheet to understand.

Mr. TABER. It is not very clear, I am afraid.

Captain SEABRING. Yes; this is a required form.

Mr. TABER. Tell me what the story is. On the 1948 program, is the revised program $312,036,000, or not?

Captain SEABRING. That is correct.

Mr. SHEPPARD. In order to clarify my thinking let me ask you this: You are now delving into a carry-over program from 1948?

Captain SEABRING. And 1949 and 1950.

Mr. SHEPPARD. Why don't you tell us the accumulation of unfunded requirements in the completion of your shipbuilding program in those respective years and then you would come to the affiliation of accounts; to wit, where you put conversion on top of it indicate and separate the moneys, if you can, so that we can follow. We are weaving around here in a maze of mathematics that will not give us an answer without an extreme amount of interrogation, and I am trying to avoid that, if I can.

Admiral LEGGETT. You would like to have this by individual programs, sir?

Mr. SHEPPARD. Yes, I would. You are going to build so many ships in your program for 1948, 1949, and so forth.

Admiral. LEGGETT. Yes.

Mr. SHEPPARD. You did not have the money to complete the building of those ships?

Admiral LEGGETT. No, sir.

Mr. SHEPPARD. Then you had to come back and get more money to finish those programs. Pick it up and give us your obligations as they were acquired in 1948, which will give us the specific sums of money here in your shipbuilding program. Then you step up to your next year, and you will tell us again what is the amount of money involved and carry your construction program up to a point where we can understand it. Then when the conversion program was injected, that carried within itself an expenditure of funds, and while it all came out of the same bank roll, there is a confusion of events here that, in my opinion, is going to get this record confused. Mr. Taber has been inquiring into it and I am trying to think it out myself.

Mr. TABER. Off the record.

(Discussion off the record.)

Mr. SHEPPARD. You have made a request in this particular requirement for a total of $140,133,000. Now, gentlemen, will you explain upon what premise you formulated that figure?

Captain SEABRING. The total cash requested, as you stated, is $140,133,000. Of that amount $87,860,000 is cash requested to fund prior year's authority under the 1948, 1949 and 1950 programs.

Mr. TABER. Off the record.
(Discussion off the record.)

OBLIGATIONS, EXPENDITURES, AND BALANCES

Mr. TABER. What is the cash balance on each of those fund programs expected as of June 30, 1952, or would you rather give it to us as of now?

Captain SEABRING. We have the actual as of the 31st of January of this year.

Mr. ALFORD. The actual expenditure as of December 31, by programs, I can read.

Mr. TABER. Then you could tell us the cash balances as of those dates?

Mr. ALFORD. I will have to make the calculations, but I can do that here right away.

What I have available is the amount of obligational authority for each program, and the expenditures through December against that obligational authority.

Mr. TABER. Suppose you give us the obligations.

Mr. ALFORD. These figures are as of January 31, against the 1948 program, in round millions, $284,000,000.

Mr. TABER. That is the obligational authority?

Mr. ALFORD. Those are the obligations that have actually been made, sir.

Mr. TABER. What have been the appropriations of cash?

Mr. ALFORD. There, again, Mr. Taber, the cash for the 1948, 1949, and 1950 programs is lumped into one fund.

Mr. TABER. And your expenditures on this 1948 program are what?

Mr. ALFORD. $182,000,000.

Mr. TABER. Now, the 1949 program?

Mr. ALFORD. Obligations, $202,000,000. Expenditures, $161,000,000.

Mr. TABER. Your 1950 program?

Mr. ALFORD. Obligations, $132,000,000 and expenditures $73,000,000.

Mr. TABER. Your over-all appropriations for those 3 years are what?

Mr. ALFORD. Do you want the 1951 figure, sir?

Mr. TABER. Have you merged the 1951 figure with it?

Mr. ALFORD. No, sir; the 1951 figure is separate.

Mr. TABER. Give us the three of them together.

Mr. ALFORD. 1951 is $402,000,000 obligated and $110,000,000 expended.

Mr. TABER. And your appropriations for the three merged items are what?

Mr. ALFORD. $925,000,000.

Mr. TABER. Is that for the three programs? That is appropriations of $307,000,000 more than the obligations.

Mr. ALFORD. I am sorry, sir. The $925,000,000 that I gave you is for the appropriation of the whole, all of CSN up to the present time. There are changes requested in 1953.

Mr. TABER. How much is for the three?

Mr. ALFORD. $363,000,000.

APPROPRIATION FOR 1951 PROGRAM

Mr. TABER. How much have you appropriated for your 1951 program?

Mr. ALFORD. $425 million cash up to now, and we have asked for $36 million plus in 1953 for the 1951 program.

Mr. TABER. You have obligated $402,000,000 of it; is that right?

Mr. ALFORD. That is correct, $402,000,000.

Mr. TABER. I do not understand it now because the expenditures for the 1948, 1949, and 1950 programs run $416,000,000, and your appropriations $363,000,000, so that does not go.

Mr. ALFORD. That figure should be $500,000,000 appropriated up to now.

Mr. TABER. The appropriation is $500,000,000.

Mr. ALFORD. That is for the 1948, 1949, and 1950 programs.

Mr. TABER. That leaves you about $83,000,000 to spend?

Admiral LEGGETT. We have a chart that I think will show this picture completely.

FUNDING OF 1948 PROGRAM

Captain SEABRING. This chart shows the 1948 program for appropriation CSN. The red portion of this chart [indicating] shows the obligational authority as granted by the Congress.

The yellow portion of the chart [indicating] shows the commitments and the obligations to date.

The blue portion of the chart shows [indicating] the obligations; in other words, those portions which have already been converted to a firm contract status, and the pink shows [indicating] the expenditures to date for that particular program.

Mr. SHEPPARD. I think that is a very interesting chart, but related to dollars it is just so much blue, yellow and red.

For clarifying purposes, you have a perfect illustration there if you will attach your dollars to your red, blue, and yellow and show us how much you have.

REPRICING OF ORIGINAL PROGRAM

Captain SEABRING. The original appropriation, Mr. Chairman, was $122,100,000. That was the original estimate for this program.

Mr. FERNANDEZ. You mean authorization?

Captain SEABRING. The original estimate, and obligational authority.

Mr. FERNANDEZ. And not appropriation. You mean contract authorization.

Captain SEABRING. Authorization. I am sorry.

In October 1948, that program was repriced to a new total of $235,308,000.

In November 1949, it was repriced again to $240,908,000.

In January of 1951 it was priced to a new total of $294,001,000.

Mr. SHEPPARD. Out of that last figure, which is the ultimate expenditure in that category, that is upon the premise of repricing from step to step?

Captain SEABRING. Yes.

Mr. SHEPPARD. Where did you find yourselves relative to money on hand to pay your bills?

Captain SEABRING. May I speak off the record a moment, sir?

Mr. SHEPPARD. Certainly.

(Discussion off the record.)

Mr. SHEPPARD. Go ahead with your procedure that will lead us to an understanding as to where the money has been, how much you need, and where it is presently in the bill.

Mr. FERNANDEZ. You have given us what the red means. Now, how much is the amount that is in commitments and obligations which have not gone into contracts? How much is represented by the obligations and how much by the expenditures, and the balance is bound to be what is needed to complete the program, plus increases in prices.

Captain SEABRING. I will point out, Mr. Chairman, this does not reflect any of the money that is requested in this appropriation. This is historical to date. I think that you can pull these things out.

Mr. ALFORD. I will read the pink figures first.

Mr. FERNANDEZ. Expenditures?

Mr. ALFORD. Expenditures.

That is $182,000,000. The obligation figure is $284,000,000.

Mr. FERNANDEZ. That means that they have been obligated but not paid?

Captain SEABRING. Some of them partially paid, as the pink area indicates.

Mr. FERNANDEZ. I am talking about the blue exclusive of the pink.

Captain SEABRING. The spread between here and here [indicating] represents unpaid.

Mr. FERNANDEZ. $284,000,000.

Mr. ALFORD. No, sir; the $284,000,000 is the total including those that have been paid and those remaining to be paid.

Mr. FERNANDEZ. All you need to do is to take off $182,000,000 from $284,000,000, and you have the blue?

Mr. ALFORD. That is correct, sir.

The yellow, as of the end of January, is $500,000.

Captain SEABRING. That represents the commitments which have not been transformed into firm contracts.

Mr. TABER. And the red represents unobligated authority that still is hanging?

Captain SEABRING. Yes.

Mr. TABER. And that you have no present commitments for?

INCENTIVE RESERVES

Captain SEABRING. None that are made; that is correct.

There is a certain amount of money which is held back from the yards that do the work as an incentive for cheaper production. If we gave them all the money initially the incentive would not be as great to finish up at a lesser cost, possibly, so in the interest of good business we do that.

Mr. FERNANDEZ. How much has actually been appropriated?

Captain SEABRING. $294,000,000.

Mr. FERNANDEZ. How much has actually been appropriated in the 1948 program to date?

Mr. ALFORD. The appropriations which we have been given to finance this program, CSN, which includes the 1948, the 1949, the 1950, and the 1951 appropriations, are given to us for the purpose of liquidating obligations under all of those programs. There is no identification in the appropriation act of how much is for 1948, 1949, 1950, and 1951 programs. However, from information we have, we can segregate that amount into how much is for those programs. We do not have it immediately available here.

Mr. FERNANDEZ. Off the record.

(Discussion off the record.)

Mr. SHEPPARD. Proceed with the chart, Captain.

Mr. FORD. May I ask a question at this point with regard to the red?

You stated that the red was that which you hold in reserve for each of the shipyards, or districts; is that correct?

Captain SEABRING. In this particular program, that is not factually so because these programs, 1948, 1949, and 1950, are not fully funded. If these were fully funded, that would be so. However, we are asking money to fund these programs. In our 1949 program we started out in July 1948, with an original amount of $190,400,000. In October of 1948 that was repriced to $308,167,000.

In March of 1949, a certain ship was dropped from the program with a reduction in the program of $32,500,000.

In November of 1949, the CVA, *United States*—the heavy carrier—had certain authority transferred from it in the amount of $76,348,000, reducing the obligational authority to $199,319,000.

In February of 1950 the carrier was dropped from the program with an additional reduction of $18,873,000 for a new total of $180,446,000.

In order to accelerate, or get one ship out faster, the carrier *Essex*, an additional $4,000,000 was appropriated in September of 1950.

In January of 1951 the program was repriced by the second supplemental by adding $33,916,000 to the obligational authority for a new total of $218,362,000.

Mr. SHEPPARD. That is reflected in the second line of the first column of your justifications; is it not?

Captain SEABRING. Yes; that is correct.

Mr. SHEPPARD. Now, you are beginning to hook these things up.

Captain SEABRING. Each of these ties in directly.

This total over here [indicating] of $294,000,000 ties in with the first line, sir.

The expenditures for the 1949 program through December of 1951 were $161,000,000.

OBLIGATIONAL AUTHORITY 1950 PROGRAM

Captain SEABRING. The 1950 program had original obligational authority of $101,732,000. An original program of $18,700,000 plus $83,032,000 for a substitute program using CVA 58 aircraft carrier authority.

In June 1950, authority was transferred from the Bureau of Ordnance for a certain submarine in the amount of $7,385,000, to a new total of $109,117,000.

In January 1951 the program was repriced to a new total of $147,728,000.

Mr. SHEPPARD. And that is reflected in the first column in your approved-program totals, the third item there, $147,728,000?

Captain SEABRING. Yes, sir.

Mr. SHEPPARD. All right, go ahead.

Captain SEABRING. The expenditures under that program through December 31 were $73,000,000.

Mr. TABER. Off the record.

(Discussion off the record.)

OBLIGATIONAL AUTHORITY 1951 PROGRAM

Captain SEABRING. The 1951 program, in July 1950, had obligational authority of $194,470,000.

In January 1951, that program was repriced and supplemented by the second supplemental program to a new total of $404,180,000.

In May of 1951 it was increased by the fourth supplemental to a new total of $541,180,000.

In August of 1951 the fourth supplemental was transferred to the SCN appropriation, a new appropriation, so that it was decreased by $137,000,000 in obligational authority.

In September 1951, the program was repriced to a new total of $425,197,000.

Mr. SHEPPARD. That is reflected in the first column and in the fourth item, $425,197,000?

Captain SEABRING. That is correct, sir. The expenditures through December 31, 1951, for that program were $110,000,000.

1951 PROGRAM FULLY FUNDED

Of all of these programs only this last one [indicating] the 1951 program is fully funded. The 1948, the 1949, and the 1950 programs require annual appropriations for progress of the work under those particular authorizations.

Mr. SHEPPARD. Further carrying out your statement that 1951 is completely funded there is nothing reflected in your next two columns, including 1953?

Captain SEABRING. Yes, sir.

Mr. SHEPPARD. All right, proceed.

1953 REQUIREMENTS FOR 1948–51 PROGRAMS

Captain SEABRING. I think if we now refer to page 11–6 of the budget book, the white sheet, we then can determine that the 1948 program has a request for an increase of $18,035,000 due to repricing. The 1949 program is decreased by $6,120,000, also due to repricing, the 1950 program has an increase of $3,913,000, and the 1951 program, an increase of $36,445,000, for a new total of $52,273,000 for repricing.

Mr. SHEPPARD. Which is the ultimate figure which is reflected in your 1953 estimate, $52,273,000?

Captain SEABRING. For that purpose, yes, sir. That is the new cash and obligational authority matching for that particular purpose.

Directly below that total is the cash requested to fund prior years' authorities in the amount of $87,860,000, and adding those two together we get a total cash request for the "Construction of ships, Navy" appropriation of $140,133,000.

Mr. SHEPPARD. How much unfinanced contract authority is reflected for future financing of this program?

Captain SEABRING. That is shown on the last line at the bottom of the page, $72,454,000, which is the sum needed to fully fund, providing these requests are met, and providing no further repricing is necessary.

Mr. SHEPPARD. Now, have you finished with the presentation of your chart in order to give us the information that is ultimately reflected on page 11–6 of your justifications?

Captain SEABRING. Yes, sir.

Admiral CLEXTON. Off the record.

(Discussion off the record.)

Captain SEABRING. May I put that on the record, Mr. Chairman?

Mr. SHEPPARD. Yes, follow through with your statement. You had carried it to a conclusion, so far as the $72,000,000 is concerned.

Mr. TABER. Off the record.

(Discussion off the record.)

Mr. SHEPPARD. Mr. Reporter, you will insert in the record at this point page 11–6 because, it carries a recap breakdown, and also page 11–8.

(The matter referred to is as follows:)

CONSTRUCTION OF SHIPS, NAVY

SYNOPSIS OF ESTIMATE

Analysis of appropriation request and total obligational authority

	Approved program totals	Revised program totals	1953 estimate
1948 program	$294,001,000	$312,036,000	+$18,035,000
1949 program	218,362,000	212,242,000	−6,120,000
1950 program	147,728,000	151,641,000	+3,913,000
1951 program (original, first and second supplementals)	425,197,000	461,642,000	+36,445,000
1951 program (fourth supplemental)	137,000,000	0	0
Gross obligational authority	1,222,288,000	1,137,561,000	+52,273,000
Deduct transfer of 1951 program (fourth supplemental) to "Shipbuilding and conversion, Navy"	−137,000,000		
Net obligational authority	1,085,288,000	1,137,561,000	52,273,000
Add cash to liquidate contract authority			87,860,000
Total appropriation request			140,133,000

Cash statement

	1951	1952	1953
Unexpended cash, beginning of year	$88,080,073	$617,374,646	$119,752,646
Add appropriation or estimate for year	747,200,000	77,353,000	140,133,000
Deduct—			
Transfer to "Shipbuilding and conversion, Navy"		−137,000,000	
Transfer to "Facilities, Navy"		−375,000	
Total available for expenditure	835,280,073	557,352,646	259,885,646
Deduct expenditures during year (net of reimbursements)	217,905,427	437,600,000	217,300,000
Unexpended cash, end of year	617,374,646	119,752,646	42,585,646

Statement of unfinanced contract authority

	1951	1952	1953
Unfinanced contract authority, beginning of year	$292,675,000	$216,275,000	$160,314,000
Deduct cash to liquidate contract authority	76,400,000	55,961,000	87,860,000
Unfinanced contract authority, end of year	216,275,000	160,314,000	72,454,000

Relationship of obligational authority to appropriations, obligations and expenditures

Description	Authorized program			Obligations	Expenditures	Year-end status		
	Contract authorization (unfinanced authority)	Cash appropriation	Total Obligational authority (2 plus 3)			Unobligated authority (4 minus 5)	Unliquidated obligations (5 minus 6)	Unexpended appropriation (3 minus 6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Status as of June 30, 1951 (cumulative)	$216,275,000	$985,815,947	$1,202,090,947	$1,054,150,602	$368,441,301	$147,940,345	$685,709,301	$617,374,646
Fiscal year 1952:								
Public Law 179 (Oct. 18, 1951):								
Cash to liquidate 1948–50 programs	−55,961,000	55,961,000						
Repricing of 1951 program		21,392,000	21,392,000					
Transfer of 1951 program (Fourth Supplemental) to the appropriation "Ship-building and conversion, Navy"		−137,000,000	−137,000,000	−124,385,120				
Transfer from 1951 program to "Facilities, Navy"		−375,000	−375,000					
Obligations				156,342,465				
Expenditures					437,600,000			
Subtotal, fiscal year 1952	−55,961,000	−60,022,000	−115,983,000	31,957,345	437,600,000			
Status as of June 30, 1952 (cumulative)	160,314,000	925,793,947	1,086,107,947	1,086,107,947	806,041,301		280,066,646	119,752,646
Fiscal year 1953:								
1953 request:								
Cash to liquidate 1948–50 programs	−87,860,000	87,860,000						
Repricing of 1948–50 programs		15,828,000	15,828,000					
Repricing of 1951 program		36,445,000	36,445,000					
Obligations				52,273,000				
Expenditures					217,300,000			
Subtotal, fiscal year 1953	−87,860,000	140,133,000	52,273,000	52,273,000	217,300,000			
Status as of June 30, 1953 (cumulative)	72,454,000	1,065,926,947	1,138,380,947	1,138,380,947	1,023,341,301		115,039,646	42,585,646
Fiscal year 1954 and subsequent:								
Cash to liquidate 1948–50 programs	−72,454,000	72,454,000						
Expenditures					115,039,646			
Subtotal, fiscal year 1954 and subsequent	−72,454,000	72,454,000			115,039,646			
Status upon completion of program		1,138,380,947	1,138,380,947	1,138,380,947	1,138,380,947			

NOTE.—Totals include the following reimbursements: Actual as of June 30, 1951, $819,947.

Captain SEABRING. I think, Mr. Chairman, that gives you the money picture of this appropriation.

I can now show you the physical-progress picture, as we started to before, if you are intrested in that.

Mr. SHEPPARD. I would like to have you proceed with that so that we can have these two programs in unison in the record if you will, please.

Captain SEABRING. Yes, sir.

We had completed, I believe, the 1948 program showing the number of ships for conversion, those completed, and the new construction with the prospective dates.

Mr. SHEPPARD. Yes; that chart is in the record.

STATUS OF 1949 PROGRAM

Captain SEABRING. The chart for the 1949 program is similarly constructed, showing red silhouettes for conversion ships, and green silhouettes for new construction ships.

The red solid line shows the actual expenditures to date, and the red dotted line again shows the estimated or projected expenditures for the completion of the program, and the limit of the present obligational authority is shown in blue, sir.

Mr. TABER. Now, so that I can get this picture, you do not add any new ships to any of these old programs; do you?

Captain SEABRING. Oh, no; sir.

Mr. TABER. They all go into a new program when new ships are authorized to start?

Captain SEABRING. That is correct, sir.

Mr. TABER. And there might be a ship taken out of these old programs, but not added?

Captain SEABRING. That is correct, sir.

In this particular program we had five ships, but the CVA, heavy carrier, was canceled, so we have a total of four ships in this program that are new ships. The rest are all conversions, sir.

Mr. SHEPPARD. Before you leave that, how many are completed in your conversion program?

Captain SEABRING. They are all completed, sir. We are now in the third quarter of the fiscal year, and the conversions to the left indicate that they are all completed.

Mr. TABER. Off the record, so that I can get it straight.

(Discussion off the record.)

RATE OF EXPENDITURES

Mr. FORD. The dark red line indicates your actual rate of progress, and the lighter red line indicates what you seek as your objective; is that right?

Captain SEABRING. They are actual expenditures [indicating]. The expenditures sometimes trail the work, as you know, so that they do not reflect exactly the progress of the work, but do so pretty closely. They lag behind a little bit due to the accounting procedures.

Mr. FORD. That is not a reflection of the lag actually in the program; it is the lag in payments?

Captain SEABRING. That is right, yes, sir. It is, however, somewhat indicative of the length of the program, sir.

Mr. SHEPPARD. Before you start on that new chart, when will the other two be completed in your program there?

Captain SEABRING. This one [indicating] submarine 568, is due for completion in the first quarter of 1953.

Submarine 567 is due for completion in the third quarter of 1953, sir.

Mr. SHEPPARD. All right, now, proceed with your chart, Captain.

1950 SHIPBUILDING AND CONVERSION PROGRAM

Captain SEABRING. In the 1950 shipbuilding and conversion program we had four new construction vessels, and the remainder were all conversions.

Again, the solid red line shows the actual expenditures to date and the dotted red line the estimated expenditures and the limit of our present obligational authority.

Mr. FORD. How do you account for the fact that in this program the heavy red line is ahead, and in the other two, 1948 and 1949, your heavy red line is below?

Captain Seabring. We just made better progress on these particular ships than we did on the others.

Admiral LEGGETT. Those expenditures are estimated.

Mr. FERNANDEZ. Does it not mean you were lagging behind as between actual expenditures and what was accomplished, and the payments indicate the difference between the red line which is above and the dotted red line?

Captain SEABRING. These were the estimated expenditures [indicating], and these were the actual [indicating], indicating that we did better than we had estimated on originally.

Mr. FERNANDEZ. Now, if you had paid what you have obligated there to complete that program the two of them would coincide?

Captain SEABRING. They must always come out here [indicating on chart] if our pricing is correct.

Mr. FERNANDEZ. You show that you have here a dotted line below the red line, but up to the level of actual accomplishments that represents what has been accomplished but not yet paid; is that true?

Captain SEABRING. No, sir; that is actual money out of the Treasury.

Mr. FERNANDEZ. That is right, and the other means what?

Captain SEABRING. That was our estimate, only our estimate of the rate that we would make payment.

Mr. FORD. The ultimate question, then, that I have in mind is: Are you ahead, even, or behind in your program?

Captain SEABRING. In this particular program this ship was originally scheduled for completion in the third quarter of 1953. That is now extended over here [indicating] to the second quarter in 1954.

These ships here [indicating] are all pretty much on time.

SHIPBUILDING SLIPPAGE

That one [indicating] slipped just a little bit, just a couple or 3 weeks.

Mr. FORD. But over-all to date what is their status?

Captain SEABRING. Over-all in all of our shipbuilding appropriations, in all of our programs the slippage is 11 percent, I think, sir.

Admiral WALLIN. We have had some slippage in our shipbuilding program, primarily due to slow deliveries of material, or lack of material, and in some cases engineering talents available.

The slippage that we have experienced to date is computed at about 11.4 percent on a time basis.

We will have further slippage because of the material situation, which has resulted in deferring work, and we will not meet some of the dates we now carry as estimated dates, but I would like to say that our estimated dates are dates which are very, very difficult to meet, and we do not expect in all cases to be able to meet them.

Mr. SHEPPARD. While you have had slippage in time, insofar as your construction program is anticipated, that has no end result upon your appropriation requirement if the projected program is to be ultimately consummated.

There would be a loss of time in there, and there might be an interval in which you would not be called upon to pay out this money because of delayed fabrication, which means reflected unpaid costs for payment purposes, but it does not change the total end result, unless you change the program?

Admiral WALLIN. That is perfectly true, except for the fact that when we have delay it usually costs more money. Delay is expensive. If we have people waiting for material it costs money. That is one of the reasons for repricing, aside from the fact that the cost of material has gone up, which is the primary cause. We set hard dates for our contractors, for ourselves and our naval shipyards in order to give them an incentive to work to, and we find we have to back away from those dates due, in most cases, to matters which are beyond our control, but the fact is we have now a slippage of only about 11 to 12 percent, and we think that is pretty good, everything considered, considering the difficulties which we have encountered.

Mr. FORD. Has that percentage of slippage increased or decreased in recent months?

Admiral WALLIN. I would say it has increased because of the fact that the effect of the material shortages is beginning to be felt definitely in the various shipyards.

Mr. TABER. Are most of these ships built in our own yards or in contract yards?

Admiral WALLIN. No, Mr. Taber. Seventy percent, in round numbers, or money, are under private contract.

Mr. TABER. Does that apply to the conversions as well as to the shipbuilding?

Admiral WALLIN. Yes, sir; of this shipbuilding and conversion program, in round numbers, 70 percent, and we have tried to assign, by competitive contracts, the great bulk of our work to private shipyards in order to build them up because they are a very important part of national defense, and they have been flat on their back as far as work is concerned and employment and the development of the talents necessary.

Mr. TABER. Has it been exceedingly difficult for you to get the material that had to go into these ships?

Admiral WALLIN. Well, sir, I am not going to say exceedingly difficult. In some areas we have had great success with the NPA. For instance, in steel we have done very well, although we have missed rollings in certain quarters, and have had to defer until the following

quarter, but certain critical materials have been exceedingly difficult. Copper is one of them, and nickel is one. Those are the two that hurt us most, although the lack of aluminum does hurt us some.

Mr. TABER. They come in the later stages of construction, do they not?

Admiral WALLIN. Pretty much, but in the minesweepers, which are as nonmagnetic as we can make them, they require a large amount of those three materials, and the machinery has to be built about concurrently with the hull, so that the work actually comes in the early stages, and also we have to hold up because of the shortages of those materials.

Mr. TABER. Off the record.

(Discussion off the record.)

Mr. FORD. Is your slippage predominant in a particular field of your construction program, or is it over-all?

Admiral WALLIN. I would say in particular fields. The conversions, which are largely done at naval shipyards have been far better than the new construction jobs.

One reason for that is to get the shipyards back into operation. They take the contracts, and they are not prepared, really, to proceed with them. They have to develop yard facilities, and, to a considerable degree, yard talents to get going on the program, and the mine sweeper program is probably most significant in that connection, and the fact that they are small yards and have had very little work during the 5 or 6 years since the end of World War II, and have to get set up and get going again.

Mr. FORD. Does that slippage reflect any particular phase, as far as the type of ship is concerned?

Admiral WALLIN. Any particular phase?

Mr. FORD. In other words, does it reflect a certain type of ship? I mean are you behind more in one kind of conversion or in one kind of construction than you are in another?

SLIPPAGE IN MINESWEEPER CONSTRUCTION

Admiral WALLIN. Yes, I would say that the minesweepers, sir, are farther behind relatively than any other new construction work. One thing is that they are very complicated design.

I might mention, for your information, and I think it is interesting, the fact that these large mine sweepers, 165 feet in length, are built of wood, and it is very difficult to get oak for the frames and for the keels because of the shortage, and the fact that it has been used up in the country pretty much, so we have gone to a gluing process, which is a laminated job, whereby we utilize almost scrap oak to build up in laminated layers, properly glued, the keels and the frames, and some of the beams. That is a new process which has just been developed.

Mr. SHEPPARD. Even though you are going into a laminated operation as against using heavier oak timbers, nevertheless, are you not encountering difficulties in getting your laminated plank, as it were, that has been properly kiln-dried?

Admiral WALLIN. That is true, yes, sir. We are having difficulty in getting those materials, and, of course, like in any program that is

a large program, or an unusual program we get green woods and we require it to be kiln-dried, and we have a problem there.

Mr. SHEPPARD. You cannot afford in that laminated operation to use green material, can you?

Admiral WALLIN. No; that has to be well dried, artificially.

Mr. SHEPPARD. If it is not it will affect your lamination?

Admiral WALLIN. Yes, sir.

Mr. SHEPPARD. All right; proceed with your next chart, please.

Captain SEABRING. The 1951 program, including the second supplemental, again illustrates the new construction types in green and the conversions in red.

The solid red line again indicates the expenditures to date, and the dotted red line indicates the estimated expenditures, and the extended lines on each ship indicate the expected or planned completion date for each ship in the program, sir.

Might I explain the armament changes off the record, sir?

Mr. SHEPPARD. Yes.

(Discussion off the record.)

Mr. SHEPPARD. On the record.

In other words, your new construction as reflected upon the basis of what is indicated upon your chart is 151; is that correct?

Captain SEABRING. That is right, sir.

Mr. SHEPPARD. All right, then under your conversions, total conversions reflected from the operational chart you have been discussing are 174?

Captain SEABRING. Yes, sir; that is correct.

Mr. SHEPPARD. Which makes a total of 325 new constructions plus conversions?

Captain SEABRING. That is right, sir.

Mr. SHEPPARD. Very well.

Captain SEABRING. The next chart, Mr. Chairman, is on a separate appropriation, and that is a new appropriation. I think you prefer to finish this appropriation before going to another?

Mr. SHEPPARD. Yes, I do.

Mr. TABER. May I ask one question there?

Mr. SHEPPARD. Yes, sir.

Mr. TABER. Does the solid red line reflect what the appropriations have been?

Captain SEABRING. No, sir; that reflects the actual expenditures, withdrawals from the Treasury to date, within the obligational authority and within the funding.

Mr. TABER. Of course, the funding authority is complete on the 1951 program, is it not?

Captain SEABRING. Except for repricing; yes, sir. I think that was $36,445,000.

Mr. TABER. On what page is that?

Captain SEABRING. On page 11–6.

Mr. TABER. $36,445,000?

Captain SEABRING. Yes, sir; barring any price increase that would follow within that program, sir.

Mr. SHEPPARD. Now, let us go back for a moment before we proceed. With reference to the $52,273,000 that has become necessary because of repricing, as I understand it.

Captain SEABRING. Yes, sir.

Mr. SHEPPARD. At what approximate dates did that repricing become necessary?

Captain SEABRING. We repriced this entire program last fall for our initial budget submission, and I think it was under way some time before that, between then and the last annual appropriation repricing was considered necessary, sir.

Mr. SHEPPARD. You show in your chart, as I recall it, and in your testimony, or possibly a combination of the two possibly three stages of repricing; do you not?

Captain SEABRING. Yes, in the various programs, sir.

Mr. SHEPPARD. Now, the factor of repricing was arrived at at some specific date, predicated upon what you have already referred to, as far as cost pertains?

Captain SEABRING. Yes, sir.

Mr. SHEPPARD. In other words, as I recall Admiral Wallin's statement, repricing was due to the effect of time slippage as a proportionate factor. In other words, we could not charge the total of the figure $52,273,000 to time slippage exclusively. There were other contributing factors that entered into that?

Admiral WALLIN. May I say one thing in reply to what you say, Mr. Chairman?

Mr. SHEPPARD. Yes, surely.

Admiral WALLIN. I would say that the chief need for repricing is the fact that the original estimates were made in the fall of 1949 on the 1951 program when that thing was in a turmoil, and most of them were estimates which were not carefully worked out as we did not have the time and we were in a hurry to get the program set up and a price set. We have gone into detail since then, and that is one of the reasons for repricing, aside from the material situation, and in some cases increased labor costs.

Mr. SHEPPARD. In connection with the repricing item I note on page 11–5 that in your 1949 program there is a minus amount of $6,120,000 shown there.

Captain SEABRING. Yes, sir.

Mr. SHEPPARD. That would not fall within the category of repricing, would it?

Captain SEABRING. Yes, sir, we repriced it downward.

Mr. SHEPPARD. I see.

Captain SEABRING. Our present estimates indicate that we had too much money in that particular program.

Mr. TABER. Was it not due to the elimination of ships?

Captain SEABRING. No, that was not the issue in that case. It was savings on two aircraft carriers.

Admiral WALLIN. The conversion of two aircraft carriers at lesser cost.

Mr. SHEPPARD. Less than you had anticipated?

Admiral WALLIN. Yes, less than we had anticipated.

Mr. SHEPPARD. Which resulted in a reduction of $6,120,000?

Admiral WALLIN. Yes, sir; $5,500,000 of that was saved in two aircraft carrier conversions.

1953 UNEXPENDED BALANCE IN 1948–51 PROGRAMS

Mr. SHEPPARD. I note on page 11–6 of the breakdown of your justifications in the right-hand column that if your are granted your budget request you estimate you will end the fiscal year 1953 with an unexpended balance of $42,585,646.

Captain SEABRING. Yes, sir.

Mr. SHEPPARD. Now, since this is a continuing appropriation, and since you are asking for a liquidation cash amount somewhat in excess of this balance and, further, since repricing and liquidation cash for the same ships is indistinguishable except in a statistical way, it is not clear to me that you will need all of the liquidation cash requested. What about that?

Captain SEABRING. We have four types of programs, three of them not fully funded, and one fully funded.

The unexpended cash at the end of the year would represent money for the 1951 program which is fully funded, and we would have to come back for additional cash next year in the amount of $72,000,000 in order to fund the 1948, 1949, and 1950 programs for completion, may be not in that year, but that would be the amount still required of funding authority, sir.

Mr. SHEPPARD. In other words, in reaching the figure of $42,585,646, am I to assume that that figure is the accumulation of the functions you have referred to in your programs for 1948, 1949, 1950, and 1951?

Captain SEABRING. Yes, sir.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Mr. FORD. Then is it fair to assume that the $72,454,000 is additional cash involved to bring the program up to full funding?

Captain SEABRING. That is right, sir. It is applicable to this entire appropriation as it could be so termed.

Mr. FORD. Your request this year for $140,133,000 still leaves $72,454,000 yet to be requested for the conclusion of the programs to date?

Captain SEABRING. That is correct, not including any possible repricing.

Mr. TABER. Could you give us a breakdown of the increased total of $36,445,000 on your 1951 program?

Captain SEABRING. Yes, sir, it is possible. We do not have it here. It is a long compilation, but we would be glad to supply it for you, sir. It is broken down to individual ship types, and that is an algebraic sum.

Admiral WALLIN. Mr. Taber, we have a number of examples of that here which gives a pretty good idea of what comprises that figure.

(The information referred to was furnished to the committee.)

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

SHIPBUILDING AND CONVERSION, NAVY

Mr. SHEPPARD. We will take up the appropriation, "Shipbuilding and conversion, Navy," which appears beginning on page 12–2 of the justifications.

We will insert page 12–2, page 12–3, and 12–6 through 12–10, inclusive.

(The justifications referred to are as follows:)

APPROPRIATION INTRODUCTION

Prior to fiscal year 1952 the construction, acquisition, and conversion of the hulls and machinery of naval vessels were financed from the appropriations "Increase and replacement of naval vessels, construction and machinery" and "Construction of ships, Navy." The appropriation "Increase and replacement of naval vessels, construction and machinery" embraced all transactions of World War II. The postwar shipbuilding appropriation "Construction of ships, Navy" includes all annual shipbuilding and conversion programs authorized from July 17, 1947, through June 30, 1951, with the exception of the 1951 fourth supplemental program which was transferred in its entirety from the appropriation "Construction of ships, Navy" and merged with the appropriation "Shipbuilding and conversion, Navy" as a part of the 1952 program. This new appropriation was established to finance all shipbuilding programs approved subsequent to fiscal year 1951.

This appropriation possesses the characteristic features of the prior shipbuilding appropriations in that:

(*a*) In general, each appropriation act permits the Navy to obligate the entire cost of a specific program of ships, even though the actual expenditures against the obligations will extend over several years.

(*b*) During the fiscal year 1951, the former practice of providing funds for expenditures during the fiscal year concerned was modified and all new obligational authority was covered concurrently by an equivalent cash appropriation. The funds requested herein are based upon a continuation of this practice.

(*c*) The funds which are appropriated are made available until expended, i. e., the appropriation is continuing. Thus, unexpended balances remaining from a prior year will be carried automatically into the succeeding year without the necessity for reappropriation.

Obligational authority and full funding of the 1952 program were approved in the 1952 Appropriation Act (Public Law 179). No repricing of this program is included herein.

The 1953 program, requested herein, comprises the construction of 50 new ships, the conversion of 10 existing ships, the construction of 20 small minecraft, 450 small landing boats, and 34 service craft for naval districts. The new combatant ships include one aircraft carrier of approximately 60,000 tons, one nuclear powered submarine of improved design, one escort carrier of new design, four new design destroyers and other types required for antisubmarine warfare, minesweeping and early warning of air attack. The conversions include two *Essex*-type carrier changes, two cruiser armanent changes, and six small radar picket ships.

SYNOPSIS OF ESTIMATE

Analysis of appropriation request and total obligational authority

	Approved program totals	Revised program totals	1953 estimate
1952 program	$1,480,297,000	$1,480,297,000	
1953 program		1,028,993,000	$1,028,993,000
	1,480,297,000	2,509,290,600	1,028,993,000
Deduct: Mutual Security Aid Program reimbursements			84,687,000
Total appropriation request			944,306,000

Cash statement

	1951	1952	1953
Unexpended cash, beginning of year			$1,388,110,000
Add:			
Appropriation or estimate for year		$1,343,297,000	944,306,000
Transfer from "Construction of ships, Navy"		137,000,000	
Reimbursments from Mutual Security Aid Program		84,687,000	
Total available for expenditure		1,564,984,000	2,332,416,000
Deduct:			
Expenditures during year from appropriated funds		92,187,000	550,000,000
Expenditures during year from Mutual Security Aid Program reimbursements		84,687,000	
Unexpended cash, end of year		1,388,110,000	1,782,416,000

Summary of new obligational authority by budget activity

Number and activity	1951 actual	1952 estimate	1953 estimate
1. 1952 program	$137,000,000	$1,343,297,000	
2. 1953 program			$1,028,993,000
Total obligational authority	137,000,000	1,343,297,000	1,028,993,000
Less Mutual Security Aid Program reimbursements			84,687,000
New obligational authority requested	[1] 137,000,000	1,343,297,000	944,306,000

[1] Funds made immediately available by Public Law 43, 82d Cong., approved May 31, 1951, under "Construction of ships, Navy" for subsequent transfer to "Shipbuilding and conversion, Navy," 1952 program authorized by Public Law 179, 82d Cong., approved October 18, 1951.

PURPOSE AND SCOPE OF WORK

The obligational authority requested under this appropriation is for the purpose of financing the construction of new vessels and the conversion of existing vessels as set forth in the fiscal year 1953 shipbuilding and conversion program. Specifically, the additional cash requirements cover the expenditures to be made during 1953 and subsequent years until the program has been completed and all outstanding obligations liquidated. No additional obligational authority is included nor funds requested in connection with the previously authorized construction program for fiscal year 1952.

This appropriation covers the construction of hulls, machinery, and equipment (exclusive of armor, armament, and ammunition) of newly built naval vessels and the conversion of older vessels of the Active and Reserve Fleets. It provides, also, funds for shore spares and additional tools and equipment which are specifically necessary for the above construction and conversion. Funds have been included for an appropriate portion of the cost of Bureau of Ships' personnel whose duties are applicable to this work.

Relationship of obligational authority to appropriations, obligations and expenditures

Description	Authorized program		Obligations	Expenditures	Year-end status		
	Cash appropriation	Total obligational authority			Unobligated authority (3–4)	Unliquidated obligations (4–5)	Unexpended appropriation (2–5)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
FISCAL YEAR 1952							
Public law 179 (Oct. 18, 1951):							
1952 program	$1,343,297,000	$1,343,297,000			--		
Transfer from "Construction of Ships, Navy"	137,000,000	137,000,000	$124,385,120				
Reimbursements from Mutual Security Aid Program	84,687,000	84,687,000		$84,687,000			
Obligations			1,355,911,880				
Expenditures				92,187,000			
Subtotal fiscal year 1952	1,564,984,000	1,564,984,000	1,480,297,000	176,874,000			
Status as of June 30, 1952	1,564,984,000	1,564,984,000	1,480,297,000	176,874,000	$84,687,000	$1,303,423,000	$1,388,110,000
FISCAL YEAR 1953							
Appropriation request, 1953 program	944,306,000	944,306,000					
Obligations			1,028,993,000				
Expenditures				550,000,000			
Subtotal fiscal year 1953	944,306,000	944,306,000	1,028,993,000	550,000,000			
Status as of June 30, 1953 (cumulative)	2,509,290,000	2,509,290,000	2,509,290,000	726,874,000		1,782,416,000	1,782,416,000
FISCAL YEAR 1954 AND SUBSEQUENT							
Expenditures				1,782,416,000			
Subtotal fiscal year 1954 and subsequent				1,782,416,000			
Status upon completion of program	2,509,290,000	2,509,290,000	2,509,290,000	2,509,290,000			

JUSTIFICATION OF FUNDS REQUESTED

The funds requested represent the summation of individual estimates for each ship in the new construction and conversion program for fiscal year 1953. Cash in the same amount as the obligational authority is included, on a continuing basis, following the adoption in 1951 of the complete funding procedure. The ship type estimates are based on the best available information as to final design. The estimates are further based upon known costs of ships of generally similar design, adjusted to reflect known increases in physical characteristics, electronic and other equipment requirements and higher per ship costs resulting from the reduced numbers of repetitive ships. Adjustments to reflect increases in general price levels to the date of the estimates have also been introduced. Cost indexes published by the Bureau of Labor Statistics were used for this purpose.

The obligational authority and cash requested under this appropriation are exclusive of Mutual Security Aid Program reimbursements resulting from cash sales of Navy ships to foreign governments in an estimated amount of $84,687,000. The use of these reimbursements to finance a portion of the 1953 program results in a reduction in the requirement for new obligational authority and cash appropriation under this head.

Summary of estimated expenditures by fiscal years

Program	Total 1935 estimate	Expenditures						
		1952	1953	1954	1955	1956	1957	1958
1952 PROGRAM								
New construction	$710,129,000	$70,550,000	$176,985,000	$188,250,000	$139,800,000	$97,476,000	$37,068,000	
Conversion	727,761,000	98,887,000	203,300,000	179,313,000	146,590,000	76,311,000	23,360,000	
Shore spares	35,340,000	6,845,000	17,263,000	6,285,000	4,030,000	735,000	182,000	
Tools and equipment	7,067,000	592,000	2,452,000	1,965,000	1,580,000	478,000		
Total 1952 program	1,480,297,000	176,874,000	400,000,000	375,813,000	292,000,000	175,000,000	60,610,000	
1953 PROGRAM								
New construction	854,441,000		120,120,000	313,990,000	226,906,000	116,555,000	57,103,000	$19,767,000
Conversion	139,548,000		21,000,000	48,500,000	33,635,000	20,139,000	10,500,000	5,774,000
Shore spares	28,119,000		7,000,000	10,890,000	4,459,000	2,921,000	2,397,000	452,000
Tools and equipment	6,885,000		1,880,000	3,620,000	1,000,000	385,000		
Total 1953 program	1,028,993,000		150,000,000	377,000,000	266,000,000	140,000,000	70,000,000	25,993,000
Deduct: MSAP reimbursements	−84,687,000							
Net total 1953 program	944,306,000							
Total new construction	1,564,570,000	70,550,000	297,105,000	502,240,000	366,706,000	214,031,000	94,171,000	19,767,000
Total conversion	867,309,000	98,887,000	224,300,000	227,813,000	180,225,000	96,450,000	33,860,000	5,774,000
Total shore spares	63,459,000	6,845,000	24,263,000	17,175,000	8,489,000	3,656,000	2,579,000	452,000
Total tools and equipment	13,952,000	592,000	4,332,000	5,585,000	2,580,000	863,000		
Total SCN	2,509,290,000	176,874,000	550,000,000	752,813,000	558,000,000	315,000,000	130,610,000	25,993,000
Deduct: MSAP reimbursements	−84,687,000	−84,687,000						
Net total SCN	2,424,603,000	92,187,000	550,000,000	752,813,000	558,000,000	315,000,000	130,610,000	25,993,000

UNEXPENDED BALANCE

Shipbuilding and conversion, Navy

(1) Available for obligation fiscal year 1952	$1, 355, 911, 880
(2) Obligated July 1 to Dec. 31, 1951	834, 314, 718
(3) Percent obligated	61. 53

Budget activity:	*Obligational authority Dec. 31, 1951*
1952 program	$1, 480, 297, 000
Reimbursements received from MDAP	70, 732, 741
	1, 551, 029, 741
Expended as of Dec. 31, 1951	24, 512, 995
Unexpended balance as of Dec. 31, 1951	1, 526, 516, 746

NOTE.—In addition to the amount in item (2) a total of $149,635,052 was committed as of Dec. 31, 1951

Mr. SHEPPARD. Do you have a statement that you care to present to the committee at this time covering this issue?

Admiral WALLIN. Under this appropriation we have two programs, the 1952 program and the proposed 1953 program.

The 1952 program is fully funded and we are not at this time asking for any funds for that program inasmuch as we have not endeavored to reprice the program based on new estimates of costs for that program.

Mr. SHEPPARD. In other words, you are not requesting any funds for repricing the 1952 program?

Admiral WALLIN. That is correct.

Mr. SHEPPARD. We will proceed to the next item, the 1953 program. Your total reflected is $944,306,000. Will you give us a clear statement on that?

1953 SHIPBUILDING PROGRAM

Admiral WALLIN. The 1953 program consists of a total of new construction of 554 ships and craft, including yard craft and amphibious craft, and 10 conversions.

Under new construction we have one aircraft carrier, large.

We have one aircraft carrier escort, antisubmarine warfare carrier, a small carrier of about 15,000 tons and moderate speed.

We have destroyers of a smaller size than the destroyers under construction at the present time. These destroyers are intended to be lead ships in case we get into mobilization.

We have ocean escorts, which are also lead ships, although we have one being built now under the 1952 program.

There would be a very large number of these required in case of mobilization inasmuch as their duty is to accompany convoys and protect them from air attack and submarine attack.

We have submarines of the attack type which are somewhat similar to the submarines now under construction, and have about the same size, though considerably improved and simplified.

We anticipate using this design in case we get into mobilization. We will have it for a repetitive program.

We have the second nuclear powered submarine in this program, which will be somewhat different from the nuclear submarine in the 1952 program.

Mr. SHEPPARD. There will be an additional amount here so far as your present estimate pertains?

Admiral WALLIN. I would say from $10,000,000 to $15,000,000.

We have in this program a radar-picket submarine. The purpose of this submarine is to act as a picket. It will have electronic communications.

We have store ships. They are freezer ships. There is a great shortage of freezer ships in the Navy at the present time. Inasmuch as the Navy is required to furnish frozen stores, or refrigerated stores, to all services throughout the world, there is great necessity for building up our requirements in this category. This will be primarily a maritime-type vessel with such naval requirements as are necessary.

Mr. SHEPPARD. The ship is to be constructed exclusively for storage purposes; is that correct?

Admiral WALLIN. Not for storage but for carrying frozen stores and refrigerated stores.

Mr. SHEPPARD. It would be in the cold-storage operation?

Admiral WALLIN. That is right.

Mr. SHEPPARD. There is no dry storage connected with this ship?

Admiral WALLIN. No, sir.

Mr. SHEPPARD. It is specifically in the category of a refrigerated operation?

Admiral WALLIN. And equipped to replenish at sea.

Similarly, there are oilers. They are fleet oilers, not the commercial-type oilers carrying bulk cargo from point to point but fitted and equipped for replenishment of vessels at sea.

Now, we have additional mine sweepers over and above our 1951 and 1952 programs. They are rather special ships, nonmagnetic.

We have some smaller mine sweepers that are called auxiliary motor mine sweepers.

Now, we come to a number of amphibious craft mostly small.

The next is an item of landing boats, either vehicle or personnel. They are carried on transports and on AKA's and hoisted over the side. These are badly needed for replacement purposes. We have not built any of these vessels since the end of World War II, and we have continued to repair and salvage parts from the LCVP's which have been in storage since World War II.

The next item on our list is a landing ship. That is a good-sized vessel of about 6,500 tons. It has a ramp in the stern. It opens up and lets vessels come in and it acts like a floating drydock. It can pick them up. The LSD is quite a vessel.

Mr. SHEPPARD. What is the length of the ship?

Admiral WALLIN. Five hundred feet.

The next item is the LST. Some are now under construction in the 1952 program. These very important vessels are a little larger than World War II vessels and considerably faster.

DESIGN CHANGES

Mr. SHEPPARD. Has there been any radical change in the design of this ship compared to what you had before?

Admiral WALLIN. There are a couple of interesting things. These are Diesel. Although we had Diesels in World War II, we have tried some steam. We got into trouble with steam because when they landed

on the beach they sucked sand into the condensers and machinery and the steam proved to be a bad idea. These are all Diesels, and one important aspect is a reversible pitch propeller so that they can go up to a beach and haul off the beach by reversing the pitch of the propeller rather than hauling on their stern anchors, as they previously did.

Mr. SHEPPARD. It depends upon how they get their bow stuck.

Admiral WALLIN. We have ballasting arrangements to lift the bow to be sure that we get off. I think it is a considerable improvement over the old LST's.

The remainder, Mr. Chairman, are all what we call yard district craft and harbor craft.

Mr. SHEPPARD. There is nothing new in this particular grouping below your landing ship, dock, that is an innovation in your procurement requirements?

Admiral WALLIN. Nothing new whatsoever.

Mr. SHEPPARD. In general you are using past experience as a yardstick for these ships, generally speaking?

Admiral WALLIN. Yes.

1953 CONVERSION PROGRAM

Now, we come to conversions. We have only 10 vessels scheduled for conversion under this program.

There is the cruiser for the anti-aircraft battery improvement. Then there is the radar picket escort vessel.

TOTAL BUDGET REQUEST, 1953 PROGRAM

Adding up the estimates for new construction and for conversion, we get a grand total of $1,028,993,000 against which a credit due to reimbursements from MDAP, which has been placed before the Bureau of the Budget of $84,687,000 applicable to this appropriation, leaving a net balance in this budget which is being requested for total funding in the amount of $944,306,000.

ORDNANCE APPLICABLE TO SHIPBUILDING AND CONVERSION PROGRAM

Mr. SHEPPARD. With all the information you have given to us pertaining to your regular requirements which finally resolve down to a figure of $944,306,000, your estimated cost reflected in that figure does not include ordnance?

Admiral WALLIN. It does not include ordnance; no, sir.

Mr. SHEPPARD. So, whatever additional figure is requested for ordnance would obviously be on top of the $944,306,000?

Have you an estimate at this time of what the ordnance will be in total?

Admiral WALLIN. Yes.

Mr. SHEPPARD. I would like to have it at this point so that it will be compatible to the figures that you have just referred to of $944,306,000.

Admiral WALLIN. The ordnance estimate is $102,890,000, making a total for Bureau of Ships and Bureau of Ordnance of $1,047,196,000.

NEW ANTISUBMARINE CARRIER

Mr. SHEPPARD. Either on or off the record, tell us why you need to have a new antisubmarine carrier of 16,000 tons. Why cannot you convert an existing carrier for that purpose?

Admiral CURTS. Off the record.

(Discussion off the record.)

Admiral CURTS. The main reason, sir, is that the old carriers, the nonconvertible carriers, are approaching their midlife period. They are all about 10 years old. We can use them for another 10 years. There has been considerable thought given to that same problem. It was decided for mobilization purposes that we should, instead of spending half or three-quarters of this money to convert a carrier to this type of operation and get 5 or 8 years of service out of it, it would be better to spend double the amount of money and get 20 to 25 years of service out of it, and the know-how to build it, and how to operate carriers with the type planes that we would expect in 1955, 1960, and 1965.

Mr. SHEPPARD. While you are going into this type of change in construction of carriers to accommodate the types of planes that you are developing, that would not mean that we are going to take the existing carriers and just disregard them and get them out of circulation? They will be phased out gradually; is that not true?

Admiral CURTS. That is perfectly true, nor are we going to get all new planes at one time. We will phase out planes over a period of 5 or 10 years.

Mr. SHEPPARD. You have a plan of stepping into the new type of developed planes and making the ships adaptable thereto?

Admiral CURTS. That is correct, sir.

Mr. FORD. What kind of planes are you using for your antisubmarine warfare?

Admiral CURTS. Off the record.

(Discussion off the record.)

DESTROYER CONVERSION AND BUILDING

Mr. SHEPPARD. I see that in 1952 you do have quite a considerable expenditure on the conversion of destroyers. I find nothing reflected in 1953 for the conversion of destroyers, but I do find four new ones.

It is reasonable to assume because we find no conversion requirements in the destroyer category in our present fiscal year budget that you have gone through your inventory of destroyers and undoubtedly converted all those you think are in a status of conversion application; is that a correct assumption?

Admiral WALLIN. I do not think that is quite correct. I think it is a matter of priority on what is most important. I think that Admiral Curts should handle that. It is a Chief of Naval Operations matter.

Admiral CURTS. When this program was first made up there were some 75 destroyers to receive this so-called conversion, which is not really a conversion but a very expensive alteration. It changes primarily the 40 mm. gun to 3-inch 50's. The 3-inch 50 gun is a much more effective antiaircraft gun than the 40 mm.

For money reasons, production reasons, and several others, the entire number of destroyer conversions was cut out of this year's program. There may or may not be some in the next year's program.

Mr. SHEPPARD. But we find presented here a request for four new destroyers. If we have in our inventory some available destroyers that could be subject to conversion, there must be some reason why you want four new ones instead of going back and rehabilitating those that you have left in the inventory.

Admiral CURTS. The question as to whether to ask for money for four new destroyers, or to apply that same amount of money to this 3-inch 50 destroyer conversion program was a subject of close study in the Navy Department. Our destroyers all have a theoretical life of some 15 years. I personally think that life may be stretched somewhat. We feel that it is necessary to get the design of a destroyer so that, should we be so unfortunate as to go to war in 5 or 10 years, we would have available working diagrams and the know-how to build the cheaper destroyer in quantity, or a relatively cheap one. These four destroyers have been carefully designed to that end, having the minimum of complicated material and controls.

DESTROYER CONSTRUCTION LEAD TIME

Mr. SHEPPARD. What is the lead time involved on one of these destroyers?

Admiral WALLIN. I would say that it could be done under present conditions in about 30 months. We have some estimates on that. These particular destroyers would be finished in the summer of 1955. That is 3 years from the time of authorization.

Mr. SHEPPARD. There is a large portion of that time, however, if my thinking is correct, that is devoted to your design operations.

Admiral WALLIN. You are correct.

Mr. SHEPPARD. You are going into a streamlined concept compared to an existing design which is operational?

Admiral WALLIN. For these four destroyers, some time has been used for design and getting the know-how established in the shipyards to build them for which reason we estimate 3 years. The repeat vessels would move much faster than that, even under the present economy probably in about 24 months.

But in the press of mobilization, war conditions, where you have priority on materials, and plenty of manpower and no limitations on what you can do, I think that you could build these in probably 12 to 18 months.

SHIPYARD CAPACITY

Mr. SHEPPARD. Your total projected program is reflected as being 554 ships. What is the present availability of all yards in the continental United States to move into this program?

Admiral WALLIN. We are not touching the capacity of the shipbuilding industry of the country with the current and prospective programs. We have a chart here that will show that. I might say first that the shipbuilding industry of the country is hungry for contracts, and so far we have not been able to give contracts out to many yards that want contracts.

We do not have enough business and we will not have enough business under this program. That is indicative of the economic situation as regards shipbuilding.

Mr. SHEPPARD. Has that been due to the fact that while you have available yards, you have a shortage of a type of manpower that is necessary for your construction purposes, or is it due to the fact that you do not want your program consummated until a certain projected time in the future? Which?

Admiral WALLIN. The former. We are not holding back on the program. The fact is the shipbuilding industry in this country was flat on its back a few years ago. It has been building up, both due to commercial work—tankers, primarily—and due to the naval building program. Right now we have quite a few yards that have taken on naval contracts and are building up their talents in design and in production quite rapidly. But that means that they are adding new employees to their rolls, as you indicate. Men are coming from other work into shipbuilding.

Mr. SHEPPARD. What does that chart express in the language of the layman?

NEW CONSTRUCTION AND CONVERSION EMPLOYMENT

Captain SEABRING. This chart [indicating] shows the employment in man-years for new construction and conversion purposes. The dark blue is for man-years employment on alteration and repair of ships. The red is the total man-years employment for naval shipyards. The blue hatched is the man-years employment on all construction, conversion, alteration and repair in private yards, and the solid red line is the total man-year employment in the industry. This is for the year 1941 and so forth across the board, showing the impact of this program on employment.

This is the peak of this particular program here, showing that only this amount of manpower is——

Mr. SHEPPARD. Which color is that?

Captain SEABRING. The hatched on the left is the man-years employment on new construction and conversion in naval shipyards. The blue is the repair work in naval shipyards and the red hatched is the total shipyard employment in naval shipyards.

Mr. SHEPPARD. Where on that particular chart that you are displaying could I look to see what the impact would be on all phases of shipyard production by the added production load of 564 ships?

Captain SEABRING. This is the total employment in industry reflected by everything which we want to do.

Now, for new construction, which is the only thing you are interested in at the moment——

Mr. SHEPPARD. No. We have under consideration at this moment 564 ships. I am asking you, taking into this total which includes both construction and conversion, what particular part of that part is going to show me the impact upon the ability of industry in the shipbuilding categories to take on these 564 ships.

Captain SEABRING. It is going to be influenced by the increase in this line of 1953 over the line of 1952.

Admiral WALLIN. The difference between 1952 and 1953?

Captain SEABRING. Yes.

Mr. FORD. I cannot read those dates down there.

Captain SEABRING. This is 1953 right here, sir, and here are 1954 and 1955. The program tapers off then.

PEAK EMPLOYMENT OF SHIPBUILDING INDUSTRY

Mr. SHEPPARD. What conclusion am I to draw from the exaggerated red line and comparable lines that are reflected to the extreme left on your chart?

Captain SEABRING. This represents the peak of employment in the shipbuilding industry during the war. That is the peak employment in 1944 and, of course, represents the capacity of the country, you might say.

Admiral WALLIN. Name how many it is.

Captain SEABRING. Nine hundred and sixty-five thousand man-years, approximately. This is the peak we would take under this program here, which is about 245,000.

Admiral WALLIN. He does not mean this program only; he means all programs, including the 1953 program.

Mr. SHEPPARD. In other words, from my viewpoint, I see that starting in the extreme left—and what is the date under that?

Captain SEABRING. That is 1941.

Mr. SHEPPARD. What is the next?

Captain SEABRING. 1942, 1943, 1944, 1945, and 1946..

Mr. SHEPPARD. I find in 1946 you depreciated your requirements to approximately 50 percent of your center curve. You have dropped down to an anticipated in 1953 to less than 38.2 percent. You contemplate you are going to have trouble in reaching that peak because of employment, or type of persons subject to employment in that construction.

Admiral WALLIN. We do not anticipate any trouble.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Admiral WALLIN. So far as manpower is concerned, we do not anticipate any difficulty in the field in hitting that moderate peak. Whatever difficulty we have had so far has not been due to manpower, except in the procurement of materials. The ceilings that have been imposed on Government manpower have affected adversely the procurement of materials because even for commercial production the materials have to be inspected by Government manpower and there has been a shortage of Government manpower to expedite the inspection and the release of materials.

Mr. SHEPPARD. Then your construction program that has had a sag here in the past has been brought about, not by a shortage of know-how manpower, but because the manpower has not had the materials with which to work?

Admiral WALLIN. I would say yes to that with one slight exception. There has been some shortage of engineering talent. That is rectified by training, and by a drift from other industries.

SHORE SPARE PARTS

Mr. SHEPPARD. I note further reflected in the breakdown that you are presently presenting to us that you are asking for $28,119,000 for

shore spares. What does that represent in your requirements? In other words, what percentage of spares is involved here and what percentage of spares do you presently have available within your existing inventory? Is there any place in your justifications that would show that?

Captain SEABRING. Shore spares in that category usually represent what we normally term as insurance spares.

Mr. SHEPPARD. Such as anchors, for example?

Captain SEABRING. No, sir; such as propeller shafts, which are usually built by shipbuilding yards because they are peculiar to that ship, or that class of ships, if they are all identical vessels.

The time to procure such items would be very excessive and would put that vessel out of operation for a considerable period of time if we had to make one of those particular replacements.

Mr. SHEPPARD. Am I right in assuming in the ships we are making out in the new construction program we will have considerable numbers of new innovations and developments, scientific and otherwise, that are going to be placed in the ships?

Admiral WALLIN. There is no question about that.

Mr. SHEPPARD. And much of that is in the blueprint stage?

Admiral WALLIN. Some of it is in the development stage.

Mr. SHEPPARD. Hypothetically, you issue to Contractor X the job of building one of these large ships. You want a ship that will have the most modern electronic system attached to it, and you are going into the spare parts category because obviously that is necessary. What assurance do you have, without subsidizing a production source in this highly specialized electronic field, that you are ever going to have a continuity in that type of production once the original has been satisfied?

Admiral WALLIN. I do not think there is a question about the continuity of production once you have the development completed. The development of the idea, the blueprint and the idea is the slow part requiring a great deal of lead time.

Mr. SHEPPARD. I know that. I will grant you that the electronic field is limited, but it is a definite field. We know that these shipyards, following the procedure of the past, construct the hull, but to a major degree the appurtenances that go into a ship are assembled, having been made by other contractors, and when you go into the specific electronic field you expand the contractors that produce those electronics.

Admiral WALLIN. That is right.

Captain SEABRING. I think that I can answer that question. When we procure a new type of electronic equipment for installation in a ship, we usually procure several of that particular type for various vessels in the program, and with that equipment we procure what we call "life of type" spares. That is to forestall the situation that you mentioned and to obviate the necessity of that manufacturer going back to make our spares when he has already destroyed the jigs and fixtures in his production plant.

Mr. SHEPPARD. Would that be indicative, by any stretch of imagination, of the fact that when we call for an elaborate inventory in that field you have merely bought a large spare part inventory for the purpose of preserving the issue that I am trying to develop here?

Captain SEABRING. That is exactly the reason for it, and we cannot always estimate correctly, or exactly what spares we will need, although we make the best estimate we can. That is a very much studied procedure—so that we will not overbuy, but we have found from experience that it is often cheaper in the end to buy a little bit more in certain categories that possibly may not be used than not to buy enough and have to go back and pay more money in the end for less and at the same time suffer the delay entailed in getting back into production in these particular spares.

ANCHORS AS A PART OF THE SHORE SPARE INVENTORY

Mr. SHEPPARD. I am wondering if you can tell me whether or not at the time that you ordered those anchors you ordered them for a complement of ships but due to the cessation of military activities the requirement was eliminated for the anchors, as far as immediate application was concerned, and furthermore, is the anchor composed of material that disintegrates overnight, or within a reasonable period of time?

Admiral WALLIN. I will say first in all these items which are shore-based spares—and that does include anchors in certain cases—for instance, in the mine sweepers we have nonmagnetic anchors—ships lose many anchors due to the circumstances of their business, and they must be given quickly a spare anchor.

We carry spare anchors for different types of ships. We continue to carry them even after those ships have outlived their usefulness and have been stricken from the Navy register. We do retain the spare anchors because anchors are very valuable in the Navy. They are used for many purposes.

ANCHORS USED FOR A VARIETY OF PURPOSES

Mr. SHEPPARD. That is interesting. I was under the impression from a notation that I noted in the press that they were used for one particular purpose, so will you advise me of the other purposes for which they can be used other than those which the layman assumes they would be used for—to hold a boat or ship in one position?

Admiral WALLIN. Yes. At all of our shipyards and supply depots we have anchors and we regularly refrain from disposing of them by sale of surplus because we know that they are going to be used for several purposes, particularly in connection with salvage work, some of which are as follows:

In salvage work we need a great many anchors for that purpose. We plant anchors at a location as a base for heaving on a salvage job.

In World War II we used, I think, all of the anchors that we could muster in our various locations for the purpose of anchoring submarine and torpedo nets which guarded our harbors and which surrounded ships at their anchorages and at extended bases. For instance, in the South Pacific all the major ships had torpedo nets around them, and they had to be anchored, and we used what are commonly referred to as spare or excess or surplus anchors for that job.

Mr. SHEPPARD. Taking one of the carrier-type ships, just for example, what would normally be the number of anchors assigned to that ship?

Admiral WALLIN. We do it by classes, Mr. Chairman, a certain percentage of all of these shore-based spares is used. The amount of same is arrived at by a formula and judgment as to the number of ships in that class, and we have to contend with what our experience with that particular type has been regarding the casualty or loss in the case of anchors, and casualty in the case of propellers, and propeller shafting, and by a combination of experience and engineering judgment we determine what number we need for a given class of construction of each type of spare.

Mr. SHEPPARD. I presume that the anchor obviously has to do with the tonnage of the ship to which it is related?

Admiral WALLIN. Oh, yes.

Mr. SHEPPARD. Are these anchors distributed now in your shore stations where they are reasonably available for assignment purposes as the requirement may be evidenced by the ships coming in for structural changes and going into operation, and so forth?

Admiral WALLIN. They are distributed, in our judgment, as to where the ships operate, where their home ports are, and so forth.

Mr. SHEPPARD. I have not had the opportunity to scrutinize all of the explanatory subject matter in your justifications, but to the degree that I have had it available I have not found any anchors literally expressed in this presentation, so, am I assuming properly when I think that you are going to use the existing inventory and not buy any new anchors at the moment?

Admiral WALLIN. The new types of ships require new anchors. For instance, for the minesweepers we will buy new anchors, partly because we have to get the right-sized anchor for a given size of ship, but more especially because we need nonmagnetic anchors and nonmagnetic anchor chain on these mine sweepers.

Mr. SHEPPARD. All right, taking into consideration the fact that you have developed those new requirements which means a new type of anchor, what are you going to do with the anchors that are outmoded because the present ships have superseded the requirement for that particular anchor?

Admiral WALLIN. We will not dispose of any of the anchors, except when we dispose of the ships. When the ship itself is stricken from the Navy register due to transfer to MDAP or NATO nations, the anchors go with the ship, including spares in many cases. When we sell ships for commercial use, or conversion, which we have done in many cases, of course, they want the anchors, and they go with the ship.

DISPOSAL OF FUNDS RECEIVED FROM SALE OF SHIPS

Mr. SHEPPARD. While you are talking about ships, I have never, as I recall it, been able to locate in any of your justifications that you have had any income from any source. I did not know that you had any income. From where is your income derived, and what happens to it, if and when you get it?

Admiral WALLIN. Ordinarily we have no income from any source. Any Government property which we dispose of does not move to the credit of the appropriation or to the Navy in any way, but goes direct to the Treasury. That is common practice.

In this particular case, MDAP, provision was made by the Bureau of the Budget for crediting the shipbuilding appropriation because

there was a specific provision that the money would be used for replacement purposes of similar ships.

I think Admiral Clexton might pick that up if he cares to and explain it further.

Mr. SHEPPARD. That is reflected on page 171 of the bill.

Admiral WALLIN. The Bureau of the Budget applied it to this program.

Mr. SHEPPARD. It appears to me that there is a certain amount of income derived from certain divisions and functions, and we know it is put into the Treasury, but you have not followed any policy of reflecting it in the justifications in the category of assets, liabilities, or earned income, have you?

Admiral CLEXTON. No, sir.

Mr. SHEPPARD. I have always been under the impression that, hypothetically, the Bureau of Ships is universally charged, for instance, with having appropriations to it of, say, $10 billion. If in the operations of that Bureau they derive any income through salvage or some other course I feel that it should be indicated in your justifications in order that the committee would not be under the impression that you had expended the whole $10 billion when you might only have expended $8,500,000,000, when we look at the figures on the return aspect as compared with the expenditure category.

Now, this might be a bookkeeping factor that is precluded because of excessive cost in supplying that information, but it is difficult for me to see why it would be so expensive to make it a part of your presentation to the Congress, so that we would know exactly how the bureaus are operating, and if you had any credit due to you that it would be reflected in your presentation.

Admiral CLEXTON. Normally reimbursement credit is reflected all through the budgets.

For instance, in this program of shipbuilding, if the Bureau of Ships sold a piece of equipment, or some steel plate they would get the funds back from the activity who purchased it to replace that steel plate, because they would need the steel plate later on, and that would show as standard reimbursement to this appropriation. This particular MDAP reimbursement is a special way of financing this program. If the ships which are listed were built it would cost the Government $1,028,993,000.

Mr. SHEPPARD. Yes.

Admiral CLEXTON. However, under the MDAP, which is the Mutual Defense Assistance Program, the Navy apparently is to sell a certain number of ships to foreign governments, and this appropriation will be reimbursed for those ships. The money will be put into this appropriation totaling $84,687,000, and, therefore, Congress will not have to appropriate that money for this 1953 program.

Mr. SHEPPARD. I am not fussing with the mechanism. Your Congress, as you well know, is very, very conscious of expenditures today. I believe that we can work out a very simple method of showing that without having to go through a tremendously complicated procedure. You have it here now, but we have to dig it out to find it. I think you should make this information easily available in a very small recap showing so much income received.

Admiral CLEXTON. Yes, we could do that. We did it last year.

Mr. SHEPPARD. That is right.

Admiral CLEXTON. I will indicate the appropriations wherein money is reverting to the Treasury as a result of various programs, such as sale of scrap, sale of oil, and so forth.

Mr. SHEPPARD. With reference to the $84,687,000 reimbursement from the military aid appropriation for the sale of ships to other countries, what kind of ships are involved, and either off or on the record, what countries are getting them?

Admiral WALLIN. The transfers, of course, Mr. Chairman, are in accordance with the MDAP statute.

(Discussion off the record.)

CIVILIAN PERSONNEL

Mr. SHEPPARD. On civilian personnel you show some 36,328 man-years for the 1953 appropriation. In round figures about what percent of that total number of man-years would be chargeable to funds being requested in the 1953 budget? Can you give me that percentage?

Mr. ALFORD. Of the total of 36,328 man-years for 1953, 2,180 will be paid from the 1953 program.

Shall I give it for the other years' programs making up the 36,000?

Mr. SHEPPARD. Yes.

Mr. ALFORD. From the 1952 program 29,369, and from the 1951 program 4,779.

Admiral WALLIN. We have a chart on our manpower, the Navy manpower for this work which I think, is very indicative of the situation, showing very little increase in 1953 over 1952.

The other day, Mr. Chairman, Mr. Wigglesworth asked a question along this line, and he inquired how much is blue collar and how much is white collar, and these charts show the whole picture, the manpower by appropriations as between the blue-collar and white-collar workers.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Mr. FERNANDEZ. Admiral, when through the loss of an anchor, you have no anchor, how do you anchor?

Admiral WALLIN. We always have at least two on each ship, and sometimes we have three on the major ships.

Mr. SHEPPARD. Where you have shed both anchors you have drags, have you not?

Admiral WALLIN. Yes; we can do that.

Mr. SHEPPARD. Mr. Ford, do you have any questions?

TOOLS AND EQUIPMENT

Mr. FORD. Admiral, I notice for your fiscal year 1953 program you are requesting $6,885,000 for tools and equipment, and for the 1952 program for the same category you had $7,067,000. How would those figures compare with what you spent during the heydey of World War II, just a guess?

Admiral WALLIN. They would be practically a drop in the bucket, compared to what we spent in 1942, 1943, and 1944.

Mr. FORD. How would they compare with the figures for that category for the fiscal years 1946, 1947, and 1948, for example?

Admiral WALLIN. I would say they would exceed them considerably, because this money is intended to provide mechanical facilities for expediting the work efficiently in the naval shipyards primarily.

Mr. FORD. In other words, you will have wide fluctuations during periods of crisis, so to speak?

Admiral WALLIN. That is correct.

Mr. FORD. In those categories of tools and equipment you would have items like chipping hammers and things like that?

Admiral WALLIN. No; we go into bigger items than that, generally fitting out ways, for instance, crane tracks, compressors, gang welding machines, and that sort of thing. We handle a large number of hand tools and a few machine tools for special jobs.

Mr. FORD. Would your purchases of hand tools and other similar items widely fluctuate in comparison to the figures you just gave for tools and equipment generally?

Admiral WALLIN. Only to the extent that when you are starting a new program at a shipyard you need new equipment, and we are getting into a new program now. However, as compared to the World War II program it is very moderate. On the other hand, as compared to the interim between 1946 and 1951 where we did not spend much money to keep up our equipment, what we are doing is now making that up, because we did not spend much during those years.

EFFECT OF NATIONAL EMERGENCY ON SMALL TOOL COMPANIES

Mr. FORD. I ask those questions for this reason: A plant which supplies the Navy with a substantial amount of Navy chipping hammers and other equipment was relatively a small company prior to World War II. When World War II came along, they expanded terrifically. They retrenched again following World War II. Now you have them so that they are bursting their seams again.

Admiral WALLIN. That is right.

Mr. FORD. The President of that company has suggested this idea, which I think warrants some thought: he believes that it would be wise from everybody's point of view, from the point of view of this kind of suppliers and of the Navy itself, if we worked out something on the "ever-normal granary" idea. In other words, they can put their production on an even basis and put the tools which they supply to the Navy in Government sealed, Government-controlled warehouses so that when a time comes, like we are in now, the cost to the Government would be considerably less. Is there any thought given to such a program, or has there ever been any thought given to such a program?

Admiral WALLIN. I would say probably not to that program as such, but the idea has been covered to a certain extent by the conservation of the surplus tools which existed in naval shipyards, and to some degree in privately-owned shipyards following World War II. They were conserved and utilized over the following 5 or 6 years. Then we got into this program, and we had to use those tools up pretty much without replenishment because of a lack of appropriations. We have to have appropriation support in order to carry out that concept. I think the concept is good, I think it would be very good, but unfortunately the shipbuilding industry of this country is either on a

feast or famine basis. That is historic, and all their equipment when they do not have business goes way, way down, not only their hand tools, but their machines, and all of their equipment, and all of their personnel, and when they get contracts again they just have to build up again. Their orders for materials of this kind and facilities are urgent, and they are superimposed upon each other. The vendors, the hand tool people and the machine tool people get a very high peak of requirement.

Mr. FORD. And at a very expensive cost to the Federal Government.

Admiral WALLIN. It is that. Actually, the machine tool industry of this country, more than any other, has been, we will say, responsible and for good reason for some of the slippage in the rearmement program. They just have not been able to produce the machine tools that are required for some of the new equipment. That does not apply to ships as much as it does to aircraft and perhaps tanks.

Mr. FORD. Many of these tools were usable certainly between World War II and the present crisis, were they not?

Admiral WALLIN. Yes, indeed, they were. In the case of the Navy they are pretty well used up, hand tools, particularly.

Mr. FORD. That is all, Mr. Chairman.

Mr. SHEPPARD. I believe we covered this the other day, but in this instance, perhaps repetition will be acceptable.

AUTHORIZED TONNAGE FOR CONSTRUCTION PROGRAM

In looking over your total projected reconversion and new construction program, to wit, 564 ships and craft, you have authority of law already existing to cover the tonnage required in your new ship construction program?

Admiral WALLIN. That is my understanding, sir. I have attended hearings before the Vinson Committee on that subject, and I believe the committee is so arranging it that previously authorized tonnage will be applicable to the 1953 program.

INCREASE AND REPLACEMENT OF NAVAL VESSELS, CONSTRUCTION AND MACHINERY

Mr. SHEPPARD. All right, gentlemen, we will pick up the next item reflected in your justification under the subhead increase and replacement of naval vessels, construction and machinery. That is under tab 13, with the breakdown reflected on page 13–4.

We will insert that page in the record at this point, Mr. Reporter.

(The matter referred to is as follows:)

SYNOPSIS OF ESTIMATE

Analysis of appropriation request and total obligational authority

	Approved program totals	Revised program totals	1953 estimate
Shipbuilding program	$22,805,863,628	$22,805,863,628	
Add: Cash to liquidate contract authority			$12,500,000
Total appropriation request			12,500,000

Cash statement

	1951	1952	1953
Unexpended cash, beginning of year	$4, 721, 238	$16, 885, 175	$1 296, 957
Add: Appropriation or estimate for year	83, 800, 000	45, 000, 000	12, 500, 000
Total available for expenditure	88, 521, 238	61, 885, 175	13, 796, 957
Deduct: Expenditures during year (net of reimbursements)	71, 636, 063	60, 588, 218	12, 500, 000
Unexpended cash, end of year	16, 885, 175	1, 296, 957	1, 296, 957

Statement of unfinanced contract authority

	1951	1952	1953
Unfinanced contract authority, beginning of year	$132, 489, 861	$59, 589, 861	$14, 589, 861
Contract authority during year	+10, 900, 000		
Total	143, 389, 861	59, 589, 861	14, 589, 861
Deduct: Cash to liquidate contract authority	83, 800, 000	45, 000, 000	12, 500, 000
Unfinanced contract authority, end of year	59, 589, 861	14, 589, 861	2, 089, 861

NOTE.—Above figures include working fund balances.

Unexpended balance	*Unexpended balance of obligational authority as of Dec. 31, 1951*
Budget activity: Shipbuilding	$50, 557, 391

Mr. SHEPPARD. I see from the justifications that you are requesting $12,500,000 for this appropriation. As I understand it, this covers certain remains of shipbuilding programs authorized prior to the fiscal year 1948, is that correct?

Admiral WALLIN. That is correct, sir.

Mr. SHEPPARD. Will you proceed with a brief explanation of the request for this expenditure?

Admiral WALLIN. The IRNV program is the program which produced the bulk of the ships during World War II, and we are finishing up the vessels still remaining uncompleted under that program which had been extended into postwar years.

Actually, there are only two ships remaining in that program, the conversion of a cruiser to a task fleet command vessel now being completed and scheduled for delivery early in 1953.

As of January 1 she was about 75 percent complete.

The other vessel is a destroyer type, an experimental destroyer, employing machinery of types and pressures heretofore not used in the Navy. She has been designated an experimental destroyer by the Chief of Naval Operations primarily for the reason that her machinery has not stood the test of service.

We are employing a lot of special materials to stand high temperatures. Our pressures involve very high pressures in steam, and that calls for special alloys or material.

That vessel is being completed in Bath, Maine, and we expect her to be delivered this calendar year. At the present time she is 93 percent complete.

CASH TO LIQUIDATE REQUIREMENT

For those two vessels, and to clean up obligations we are requesting $12,500,000.

Mr. SHEPPARD. That is cash to liquidate contract authority, is it not?

Mr. ALFORD. Yes, sir.

Admiral WALLIN. That is correct, and along the line we were talking about this morning, as to what the future fund requirements would be. Our present estimate is $2,089,861 still to be funded.

UNEXPENDED CASH BALANCE, END OF YEAR

Mr. SHEPPARD. I note under the bracket of your cash statement the figure $1,296,957, and I ask you this question in connection with that figure: that is reflected in unexpended funds, and in view of that, and since this is apparently a liquidation cash proposition, that we find in the 1953 request, why do you ask for $12,500,000 when, apparently, $1,296,957 less than that would cover your cash needs through the ear?

Captain SEABRING. We hope that we will not have to come back for that $2,089,000. We hope that the $12,500,000 will completely liquidate our obligations through the fiscal year 1953.

Admiral WALLIN. However, we are dealing with experimental ships in both cases. The command ship which is under construction at Bethlehem Ship is the first of that type to be built for the Navy. It involves a tremendous amount of electronics equipment.

Mr. SHEPPARD. In other words, gentlemen, I assume the $1,296,957 is put in here, or appears before us, as pretty literally a cushion to take care of all of those unknown factors, is that it? What would happen to you if that rug was taken out from under you?

Admiral WALLIN. No, I do not think that is quite correct, Mr. Chairman. There was no thought of putting it in as a cushion. I think that since that figure was arrived at the matter of the progress on these ships has altered the situation somewhat.

Mr. SHEPPARD. In other words, you feel that you are more justified to have it there now than at the time it was presented? Am I to conclude that from your statement, Admiral?

Admiral WALLIN. No, I think depending upon the payments we have to meet we will use it all up. If the situation is such that we have to pay it, we do have to pay it in accordance with the progress these private contractors make.

Mr. SHEPPARD. There is no question about it, that is a firm obligation.

Admiral WALLIN. There will be no cushion there, but there are certain imponderables there that we have to meet.

Admiral CLEXTON. To put it another way, is it not correct to say that you have obligations outstanding of $13,796,957?

Captain SEABRING. That is right.

Admiral CLEXTON. And if the people you owe this money to ask for it you will have to pay the bill. You estimated 6 months ago that you would pay out $12,500,000, but you might have to pay the full amount of $13,796,957.

Admiral WALLIN. That is what I mean, and that is emphasized by the fact that if they show greater progress presumably they are entitled to more payments, and there will be no balance there.

Mr. FORD. But, Admiral, will not both of these ships be completed by December 31, 1952?

Admiral WALLIN. We expect the destroyer to be completed this summer.

Captain SEABRING. They will both be completed before the next appropriation, sir.

Admiral WALLIN. Yes.

Mr. FORD. But if there is a possibility that you are going to need the entire amount, including the $2,089,861, although you think you may not, why would you not include a request for that figure as well?

Admiral WALLIN. Because expenditures for new construction extend 27 months after delivery. There is a run-out on these expenditures, and we do not know just how the bills are going to be presented. We withhold some payments pending trial and satisfactory performance, but it can run as long as 27 months after delivery, so we are sure that we are not going to get into anything beyond that this fiscal year.

Mr. SHEPPARD. In other words, this could be assumed, as somewhat of a time-payment operation, and to a degree comparable with buying an automobile with paying so much down and the rest by installments.

Admiral WALLIN. That is exactly right, Mr. Chairman. On new construction under contract that is a very good parallel.

Mr. SHEPPARD. When you take a ship that you have your original estimates formulated for, when that ship is turned over to you, you take it into shake-down operations, do you not?

Admiral WALLIN. Yes, sir.

Mr. SHEPPARD. Am I right in assuming that, in some instances that after you have gone into the shake-down operations, particularly on new designs of ships, that you will find resulting from that shake-down operation that there have to be further changes made, and to some degree mechanical changes made?

Admiral WALLIN. Yes, sir, that is customary.

Mr. SHEPPARD. Have you contracted for or provided in these appropriations money for the purpose of absorbing that potential aspect of expenditure?

Admiral WALLIN. Yes, sir, that is always included.

Mr. SHEPPARD. Well, to a degree, my comment was apropos that you do have to provide a cushion for that type of function?

Admiral WALLIN. It was apropos; yes, sir.

Captain SEABRING. This particular appropriation expenditure authority lapses after June 1953. This is an extension of authority, so that what we would have to do, if it is not extended again would be to submit bills presented subsequent to June 30, 1953, for payment through the certified-claims procedure.

Mr. SHEPPARD. Due to the legal estoppel that is involved there?

Captain SEABRING. Yes, sir, that is correct, and that is why on your pink sheet you see $3,386,818 as expenditure in 1954, and the $12,500,000 more you see will show here for 1953.

Mr. SHEPPARD. Under the system you have been functioning under it is obvious you have to have provided the money to pay for these

completed requirements, because you are working in increments, as far as your appropriation pertains.

Admiral WALLIN. That is correct.

Captain SEABRING. This will show for 1948, 1949, and 1950 the progress which we had up this morning.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Mr. SHEPPARD. Do you have any further questions pertaining to this, Mr. Fernandez?

Mr. FERNANDEZ. Admiral, you have $1,296,957 of last year's appropriation and need $12,500,000 more this year to expend along with that $1,296,957, making a total for expenditure between now and July 1, 1953, of $13,796,957?

Captain SEABRING. That is available for expenditure, of which we expect to expend $12,500,000.

Mr. FERNANDEZ. Wait a minute, as I understood you previously you have $1,296,957 on hand and unexpended.

Captain SEABRING. That is correct.

Mr. FERNANDEZ. In addition to that you have $12,500,000 for 1953.

Captain SEABRING. We are asking for $12,500,000; yes, sir.

Mr. FERNANDEZ. Making the total that you expect to expend $13,796,957.

Captain SEABRING. No, the total available for expenditure is $13,796,957, of which we expect to expend $12,500,000.

Mr. FERNANDEZ. What do you expect to do with the $1,296,000?

Captain SEABRING. That would carry over for the payment of obligations.

Mr. FERNANDEZ. You mean payment that you had already obligated, or would obligate by the end of the year?

Admiral WALLIN. It is obligated, but as the Chairman says it serves as a cushion against a poor estimate of expenditures in case the contractor makes such progress and demands payment here beyond the $12,500,000, or the two contractors in this case, we would have that prospective balance here. How much, we do not know. We would have to have some balance or cushion there in order to do business, because the contractor is entitled to his pay when he qualifies for it.

Captain SEABRING. We have other outstanding obligations besides these two ships in this appropriation which we also have to pay, such as the test control. Under the CV–34 we have obligations, and we expect to expend $468,000 for instance; that might vary. That was a conversion job and we have to liquidate the obligations which have not yet been paid under that; so, we must have some leeway because these are estimates.

Mr. SHEPPARD. Mr. Ford.

Mr. FORD. Of these two ships under contract, Admiral, one will be completed this summer and one will be completed in December of this calendar year?

Admiral WALLIN. That one that we have scheduled for December may run into early 1953, as it now looks to me. That is correct, though.

Mr. FORD. You are requesting $12,500,000 to liquidate all anticipated obligations on those contracts?

Admiral WALLIN. On those two contracts, plus others where we have not yet liquidated all the obligations for ships under this appropriation.

Mr. FORD. And you have a foreseeable cushion of $1,296,957?

Admiral WALLIN. Yes, sir.

Captain SEABRING. Unexpended cash at the end of the year; yes, sir. However, there are obligations against that amount of money.

Admiral WALLIN. All of that is obligated. The rate of expenditure is such that that is our estimate of the unexpended balance.

Mr. FORD. It will be used to pay any obligations which come due in this 27-month period which we have for settling the account?

Admiral WALLIN. Yes, sir; that would carry over into the next fiscal year and be available to meet those obligations.

EFFECT OF APPROPRIATION REDUCTION

Mr. FORD. Would it not be practical for the Congress, in such a case, inasmuch as that amount is to come up in the next fiscal year, to delete that amount in the 1953 fiscal year budget?

Admiral WALLIN. I do not believe that it would be good business because it leaves you no leeway to meet expenditures that you might be legally required to meet. If the contractors come up with a demand for payment after they have qualified for payment, if our estimate is low, nevertheless we should make the payment. They are entitled to the payment.

Now, in contrast with that I would say that the 1952 and prospective 1953 programs are fully funded initially. They are not on a year-to-year basis. There are tremendous sums in those appropriations which carry over from year to year, because they are not expended in any particular year. This happens to be an item which has to be funded from year to year, but it is a very minor item in dollars compared to the large sums which we are carrying over under the 1952 and 1953 appropriations.

Mr. FORD. But if you find that you are not going to need this money to liquidate these contractual obligations during the fiscal year 1953, when your budget for the fiscal year 1954 is prepared and submitted to the Congress we will still be able to appropriate, if essential, an additional amount up to or more than $1,296,957, and it is all within the 27-month pay-out period that you have as a contract obligation with these contractors.

Admiral WALLIN. You are correct on that, except that the item of $2,000,000 plus at the bottom of the page is the prospective additional amount which will be required subsequent to 1953 to meet the run-out payments.

UNFINANCED CONTRACT AUTHORIZATION, END OF 1953

Mr. FORD. Except that it was earlier testified that it was not anticipated or contemplated that you would request that $2,089,861.

Admiral WALLIN. That is only a possibility that we will not.

The $1,296,000 is the prospective balance unexpended at the end of 1953. Whether it is a good estimate or not remains to be seen. It is an estimate, but in the interest of good business we should have enough money there to meet our required expenditures.

If it is eliminated we might find that our expenditures are more than the $12,500,000 that we estimate, and we will not have any money to pay it, although it is due.

Mr. FORD. Except that by the time it would come due in your 27-month period Congress would be considering the fiscal year 1954 budget and would certainly make an appropriation to pay off the obligation.

Admiral WALLIN. That is true, but it may come due during the fiscal year 1953. If they make such progress and present bills during the fiscal year 1953 over and beyond $12,500,000, then we will not have the money before the 1954 budget to meet our obligations.

Captain SEABRING. There is another point about this appropriation, which is that it is in the process of being discontinued, so to speak, and it is the desire, if possible, that no further expenditures after 1953 be made under this appropriation, which would mean that bills against this $2,000,000 carry-over of unfinanced contract authority would then have to go, if not paid in the fiscal year 1953, through the General Accounting Office claims procedure, rather than through the normal expenditure procedure.

Mr. FORD. If the Congress did authorize the appropriation of $1,296,957 and subsequently it was determined that those funds were not essential to pay off the contractors, what would happen to that money?

Admiral WALLIN. It would lapse.

Mr. FORD. The balance of it will revert to the Treasury?

Admiral WALLIN. Yes, sir.

Mr. FORD. This is earmarked for these projects, and that is all?

Admiral WALLIN. It will not be withdrawn from the Treasury.

Mr. FORD. These are not general construction funds; these are for isolated projects?

Admiral WALLIN. These are for specific projects.

Captain SEABRING. To liquidate outstanding obligations.

SHIPS AND FACILITIES, NAVY

Mr. SHEPPARD. All right, gentlemen, we will turn to the justifications that have to do with "Ships and facilities, Navy." Do you have a general statement that you wish to present covering the appropriation for that series of items?

Admiral WALLIN. Yes, sir.

Before launching into the highlights of our estimates, I should like to give a brief summary of the work of the Bureau of Ships and some of the management problems with which we are most concerned at the present time.

The Bureau of Ships has responsibility for all matters pertaining to ships except aircraft and armament. We are charged with the following major responsibilities: Design, procurement, construction, conversion, repair, activation, and inactivation of ships; maintenance of fleet support facilities; and research and development contributing to increased effectiveness of ships. In addition, we are responsible for controlling the quality and developing the specifications for fuel and lubricants for ships; the design and development, procurement and distribution of equipment for the Naval Communication Service; diving and salvaging equipment; submarine rescue devices and equip-

ment, and procurement of vessels for all the armed services. The Bureau designs and builds ships for, and furnishes equipment to, foreign navies under the mutual security assistance program.

In addition to my duties as Chief of the Bureau of Ships, I am also coordinator of shipbuilding, conversion and repair for the Department of Defense. In the latter capacity, it is my responsibility to coordinate work with the Maritime Administration and other Government agencies, and to see that needed material reaches the facilities engaged in Naval shipbuilding and ship repair at the right time.

The operations of the Bureau of Ships are financed by two types of funds: (1) Those for maintenance and operation, appropriated under the annual appropriation "Ships and facilities, Navy"; and (2) those for shipbuilding and conversion of ships, appropriated under three separate titles which were discussed in previous hearings.

Based upon comparisons in terms of gross plant account, number of employees, and costs and expenses, the Bureau and naval shipyards ranked among the first 10 manufacturing organizations in this country in 1950, possibly around third or fourth. Its relative position would no doubt be higher with wartime expansion. I believe the committee will be interested in the management of certain aspects of this business.

MANPOWER UTILIZATION

At present, the Bureau of Ships controls over 160,000 civilian positions; 97 percent of these positions are in the field, and 85 percent of the total are in naval shipyards, employed on construction, repair, and improvement of vessels. Requirements for manpower are determined on the basis of planned construction and repair programs and related work. The experience of previous programs and projects provides a basis for estimating the requirements for manpower month by month for future periods. By summarizing the manpower requirements under each category of workload, total requirements are obtained for the entire program for any given period.

The distribution of manpower among the shipyards follows the planned distribution of the workload. For any one shipyard, the manpower requirements for a month or year are primarily based on:

(1) The manpower needed by trades for each ship under construction or conversion.

(2) The manpower needed by trades for each ship scheduled for overhaul.

(3) The manpower needed for emergency repairs, repairs to boats and in-service craft.

Estimates for each yard are prepared in the Bureau, and independently by each yard based on its scheduled workload. The latter estimates are submitted to the Bureau monthly where they are analyzed, compared with the Bureau's estimates, and differences resolved. Then the Bureau makes necessary adjustments in the workload or manpower distribution to conform with ceiling restrictions.

In order to improve our estimates of manpower requirements, the Bureau has initiated a program for development of more detailed planning of the work within the shipyards. In essence, the program involves the detailed planning of each item of work by the planning personnel of the shop concerned. By having this force plan the work, make the estimates, and review performance against estimates, it is

believed that a sounder basis for the control of manpower and for over-all planning will be generated. The data accumulated at the shop level will be summarized and reported to the central planning groups of the shipyards where they will be summarized into over-all manpower usage data for an overhaul or for a newly-constructed ship. The review of performance of similar work items on several jobs will indicate those areas where improved methods may be applied to further reduce the man-hours required. The foregoing is an important example of the Bureau's management improvement efforts.

For several years, a program for the standardization of shipyard organization and other field activity organizations has been in effect. The objective of this program has been to develop an organizational structure which will incorporate those features that have proved most practical and economical. Programs for the development and use of work measurement data and cost accounting methods, for the exchange of studies and ideas between field activities, for the detailed survey and review of commercial and industrial practices, and for the induction and training of scarce professional personnel, are currently underway as a part of the effort to improve management. In addition to these measures, the Bureau has called in private management consultants to advise us on our procedures and organization. An example of this is a survey just completed by Price, Waterhouse & Co., of the fiscal and accounting problems involved in the administration of the ship construction and conversion programs of the Bureau of Ships.

The Bureau has suffered in the last 18 months from an acute shortage of engineering talent. Our most critical need has been for design engineers electronics people, and engineering draftsmen. We have taken active steps to solve this problem. An intensive training program has been instituted both in the field and here in Bureau headquarters in Washington. By this means, we have been able to assign civil engineers, for example, to naval design engineering work; we have developed a larger corps of subprofessional personnel to assist the engineers and naval architects; and we are giving courses in engineering and naval architecture in the shipyards after working hours.

PROCUREMENT

To fulfill our mission of servicing the fleet we must engage in procurement programs of great magnitude. We have adopted measures to insure that these programs are prudently managed. During the last 18 months, significant steps have been taken toward broadening the base of our suppliers. We are spreading work among private shipyards and among the manufacturers of machinery, components, and equipments to the maximum extent that can be justified. By insisting that existing equipment manufacturers train new sources through mandatory subcontracting, a very substantial group of new Navy suppliers has been brought into production. During fiscal year 1951, contracts totaling $408 million were placed with new suppliers.

We are encouraging small business concerns to participate in our procurement programs. During fiscal year 1951, 15 percent of our dollar total went to small business. For the first 6 months of the current fiscal year this proportion has risen to 26 percent—representing $150 million of our contract awards during this period. In this

connection, it should be remembered that not all contracts are susceptible of being awarded to small business.

At the same time that we have been "broadening the base," our policy has been to use existing plants and facilities. Because of the present unsatisfactory employment levels of most private shipyards now in operation, we do not propose to award construction at this time to yards which are not active and in operation. However, we have sought to build up the capacity of existing commercial shipyards by contracting with them for a considerable amount of naval repair work, reactivations, and conversions. This policy will be continued, and is reflected in our estimates for 1953.

We are awarding contracts for ships, components, and supplies wherever practicable on a competitive basis. We avoid any cost type contracts unless clearly necessitated by special kinds of work, indeterminate services, or development of new material or equipments.

Both before and after a decision is made to buy materials, there is still much to be done to insure that the Government receives optimum returns on each dollar expended. In this connection, the Bureau of Ships has done an excellent job on cataloging, standardization of specifications, and conservation. I shall not discuss these programs in detail; however, I have available here two supplemental statements covering the Bureau's progress and performance under these programs. These statements may be placed in the record should the committee so desire.

BUDGET REQUEST FOR 1953

Passing now to some of the high lights of our estimates for fiscal year 1953, I should like to point out that we are requesting a total of $1,287,000,000 under the "Ships and facilities, Navy" appropriation, or a decrease of approximately $249,000,000 from the comparable amount for fiscal year 1952.

The 1953 request under this appropriation, that is, the funds which finance maintenance and operation of the fleet, provides for an active fleet of 1,192 vessels, compared with an average of 1,103 vessels in 1952. The ships replaced by new construction or by modernized converted vessels in 1953 will be moth-balled for ready reactivation should the international situation so demand.

Maintenance and operation will be at levels designed to maintain the active forces at the best possible degree of combat readiness. To provide for the active fleet, we are requesting a total of $619,493,000 in 1953, or a decrease of $29,000,000 from the comparable amount for fiscal year 1952.

Of the average of more than 1,500 vessels in the Reserve Fleet, 262 will receive a quinquennial overhaul in fiscal year 1953. During the current fiscal year, 270 are to receive an overhaul. The broad objective of this program is to maintain the Reserve Fleet in a high degree of material readiness permitting timely activation in the event of mobilization.

The request for the maintenance of Naval Reserve training vessels provides for 103 ships, the same number as in 1952.

During the past 2 years, funds have been available for modernization of electronics equipment. This modernization program has proceeded satisfactorily and the Navy is now initiating a program of rigid

curtailment of additional installations. For this reason, we are now asking for only $83,000,000 in 1953.

The funds requested for research and development amount to $103,151,000, or an increase of about $6,000,000 over the amount available for 1952. The funds requested for this purpose are in conformity with the program approved by the Navy Research and Development Review Board and the Research and Development Board of the Department of Defense.

I want to take a few extra words to urge the committee, most sincerely, to give our research and development program every possible consideration, and that adequate funds for its accomplishment be provided. Our goal is to find better and cheaper ways of building, operating, and repairing ships, and to insure the highest possible combat effectiveness through new and improved design and operational features. We consider our research and development program as an investment, and at the same time by far the cheapest insurance we can possibly provide to ensure the state of readiness we all so strongly desire.

It is an investment, first, in conservation, in finding suitable substitutes, in conserving labor and materials, and in other ways reducing costs. Second, it is an investment in combat superiority by finding ways to improve the safety and combat efficiency of the crew; better ways to berth, refuel, and rearm our modern naval aircraft and the missiles of the future; better and faster ways to communicate in battle. It provides insurance against structural failures and material failures.

Right now we are emphasizing what have come to be known as "break-through" items—weapons and equipments which will increase our potential offensive or defense capabilities to a major degree when compared with present-day warfare conditions. These items are being accelerated all along the line, including the phase of experimental production of developmental quantities for service evaluation.

Our research and development program has made great progress in countering the submarine threat, in the field of mine countermeasures, and in development of new devices and techniques for mine detection and destruction.

The progress on our own nuclear power submarine, the development of which in large part is being supported by the research and development activity of this budget has been noteworthy. We want you to know that these funds will allow us to further apply the knowledge we have geined in the production of the submarine nuclear reactor toward using it for propulsion of surface vessels, especially of the aircraft carrier type.

In conclusion, I would like to emphasize again that we consider our research and development program vital to insure that state of readiness we all want. Only through vigorous research and development can we retain the necessary fighting superiority which I am sure we will all agree cannot be relinquished in the current world situation.

This completes my general statement. At this point I have been requested to make the following statement about the fiscal year 1952 budget:

OBLIGATIONS AND COMMITMENTS AS OF DECEMBER 31, 1951

The obligated and committed amount under the appropriation as of December 31, 1951, is $1,061,084.99. This represents 69 percent of the funds appropriated for this appropriation for the fiscal year 1952. The balance will be obligated by the end of the fiscal year.

Unexpended balances by budget activity as of Dec. 31, 1951

Budget activity and title:	Unexpended balance
1. Maintenance and operation of active fleet	$491, 120, 041
2. Maintenance and preservation of Reserve Fleet	46, 691, 763
3. Maintenance and operation of Naval Reserve vessels	21, 057, 019
4. Fuel for ships	47, 853, 498
5. Electronics	344, 914, 689
6. Fleet support facilities	185, 196, 468
7. Research and development	89, 855, 434
8. Industrial mobilization	29, 009, 535
9. Departmental administration	9, 000, 721
Total	1, 264, 699, 168

MAINTENANCE AND OPERATION OF ACTIVE FLEET

Mr. SHEPPARD. All right, we will proceed with the activities as they are reflected in the requirements you have presented in your general statement.

At this point in the record we will insert page 10–7 of the justifications, which is budget activity No. 1, maintenance and operation of the active fleet.

(The matter referred to is as follows:)

Budget activity No. 1, maintenance and operation of active fleet

Number	Project	1951 actual	1952 estimate	1953 estimate
1A	Repair of ships:			
1A (1)	Labor and NSA material	$214, 176, 041	$204, 015, 900	$193, 609, 000
1A (2)	Components	110, 961, 271	103, 894, 000	132, 139, 000
1A (3)	Repair parts	116, 248, 204	129, 727, 300	52, 451, 000
1B	Alterations and MIP:			
1B (1)	Labor and NSA material	66, 912, 774	66, 631, 300	140, 014, 000
1B (2)	Components	33, 138, 454	8, 003, 900	11, 587, 000
1B (4)	Alteration and arming of noncommissioned MSTS vessels	7, 700, 000	42, 030, 000	30, 133, 000
1B (5)	Arming of Coast Guard vessels	499, 944	2, 230, 000	
1C	Supplies and equipage	41, 023, 666	59, 216, 800	54, 000, 000
1D	Salvage	866, 123	1, 018, 200	750, 000
1E	Charter and hire	4, 443, 364	4, 883, 200	4, 810, 000
1F	Production facilities for components		26, 863, 500	
1G	Design expenses on S. S. *United States*	5, 000, 000		
1H	Activation, overhaul and repair of ships for Coast Guard	3, 275, 000		
	Total direct obligations	604, 244, 841	648, 514, 100	619, 493, 000

Admiral WALLIN. Mr. Chairman, would you want to take a moment to look at a chart showing this appropriation as a whole?

Mr. SHEPPARD. It might be helpful at this point.

Admiral WALLIN. This gives a breakdown of the 1953 estimate. Will you proceed, Captain?

Captain SEABRING. This chart is designed to show the funds which have been requested in this appropriation.

You will not be able to tie these figures into the budget document itself, except in this left-hand column, [indicating] which shows the

total amount by budget activities; but it does, for each of those budget activities show the funds which will be expended for salaries and wages; the funds that will go for procurement, broken down by repair parts, components and equipment, fuel, supplies, and naval stock material, and miscellaneous.

The total procurement in the presentation is $615.4 million, or 47.8 percent of the amount requested.

The work done under private contract is $247.8 million, or 19.3 percent of the total funds requested under this appropriation for 1953.

Mr. SHEPPARD. How difficult would it be to summarize that and insert it in the record?

Captain SEABRING. We could give you a duplication of this for the record, sir.

Mr. SHEPPARD. We will have that introduced into the record at this point, Mr. Reporter.

(The matter referred to is as follows:)

Breakdown of items in each budget activity, fiscal year 1953

[In millions of dollars]

Budget activity	1953 estimate	Salaries and wages	Procurements						Work under private contract	All other
			Repair parts	Components and equipment	Fuel	Supplies and NSA material	MSCLS	Total procurement		
1. Maintenance and operation of Active Fleet	619.5	210.4	46.2	141.6	0	106.6	0	294.4	109.4	5.3
2. Maintenance and preservation of Reserve Fleet	83.3	19.3	3.0	11.3	0	10.0	0	24.3	39.7	0
3. Maintenance and operation of Naval Reserve vessels	15.2	6.1	1.5	.4	0	2.9	1.7	6.5	1.3	1.3
4. Fuel for ships	84.7	0	0	0	81.0	0	0	81.0	0	3.7
5. Electronics	143.6	6.6	13.6	105.4	0	1.3	0	120.3	16.7	0
6. Fleet support facilities	211.6	102.8	0	0	0	48.9	27.4	76.3	20.1	12.4
7. Research and development	103.2	37.1	0	0	0	11.1	0	11.1	55.0	0
8. Industrial mobilization	8.2	1.0	0	0	0	.4	.4	.8	5.6	.8
9. Departmental administration	17.7	14.5	0	0	0	.7	0	.7	0	2.5
Total	1,287.0	397.8	64.3	258.7	81.0	181.9	29.5	615.4	247.8	26.0
Percent	100	30.9						47.8	19.3	2.0

Mr. SHEPPARD. Now, while this is a complete recap of the operations, as we go into each one of these requirements reflected in your justification the end results will be pretty much the same as reflected there?

Captain SEABRING. It will tie in directly, yes, sir, in each one of our appropriation activities and budget activities and subactivities, and we can tie this chart in directly with the breakdown.

(The following information was supplied for the record:)

UNEXPENDED BALANCE

The unexpended balance under activity 1, "Maintenance and operation of active fleet on December 31, 1951" was $491,120,041.

WEDNESDAY, MARCH 19, 1952.

REPAIR OF SHIPS—LABOR AND NSA MATERIAL

Mr. SHEPPARD. All right, gentlemen, we will pick up the first project that is reflected in a series of categories that has to do with 1A, repair of ships, under which we find 1A (1), labor and NSA material.

I note that your estimate reflects a request for 1953 of $193,609,000, as against your request for 1952 of $204,015,900. This is a decrease of $10,406,900. Give us a brief outline of the requirements of those respective categories, covering the elements of 1A and subdivisions 1A (1), 1A (2), and 1A (3).

NUMBER OF SCHEDULED OVERHAULS

Admiral WALLIN. The first item scheduled, "Overhauls of the fleet," reflects the larger fleet which we have, 1,192 ships in the active fleet as compared to an average of 1,103 ships in the active fleet in the fiscal year 1952.

Mr. WIGGLESWORTH. Off the record.

(Discussion off the record.)

Admiral WALLIN. Now, as regards to the number of scheduled overhauls we have for 1953, 626 for vessels of the active fleet as compared to 593 in the fiscal year 1952.

That indicates an increase in this item of about $20 million over 1952.

The comparative figures are $143 million in 1953 as compared to $124,700,000 in 1952.

RESTRICTED AVAILABILITIES

Now, as regards restricted availabilities we are requesting $35,516,000 in 1953 as compared to $30,540,000 in 1952, an increase of approximately $5,000,000.

Mr. WIGGLESWORTH. I do not understand what you mean by restricted availability?

Admiral WALLIN. Mr. Wigglesworth, restricted availabilities are availabilities of ships unforeseen when the schedules are prepared for overhauls of the fleet.

Mr. WIGGLESWORTH. Unforeseen overhauls?

Admiral WALLIN. Yes, sir; unforeseen overhauls, largely partial overhauls necessitated by varying conditions having to do with operational requirements.

Mr. WIGGLESWORTH. How many?

Admiral WALLIN. We cannot specify the number.

Mr. WIGGLESWORTH. You have just given us the dollar figure; how many does that represent?

Admiral WALLIN. We have examples, but we cannot give the number, Mr. Wigglesworth, because we do not know as much as a year ahead.

Mr. WIGGLESWORTH. Then the figure is not worth anything.

Admiral WALLIN. Yes; the figure is worth considerable. It is a matter of experience.

Mr. WIGGLESWORTH. How many does your experience show?

Admiral WALLIN. We know about how much we are required to set up for this kind of a thing. I would like to explain to you what these are.

Mr. WIGGLESWORTH. All right.

Admiral WALLIN. For instance, new vessels going to Korea for a particular mission would ordinarily go into a shipyard for a touch-up overhaul prior to departure; vessels which are damaged from a mine or from Korea rather than being scheduled would go into a shipyard to get special availability to repair that damage; vessels which go aground or suffer collision damage, or whatever it might be, are sent into a yard for making good the damage which they suffer.

Those are typical examples of restricted availabilities.

We cannot, of course, estimate how many we are going to have, but based on experience we can estimate what is required to support restricted availabilities, and with a larger fleet we anticipate more restricted availabilities than we had in 1952. That is the basis for our estimate.

Mr. SHEPPARD. All right, proceed.

SERVICE CRAFT

Admiral WALLIN. As regards service craft, we have put more service craft into use throughout the shore stations of the Navy, and our estimate for 1953 is approximately the same as for 1952, namely, $15,000,000 as compared to $15,462,000 for 1952.

REACTIVATIONS

On reactivations we are asking for no money in 1953, whereas in 1952 we had $33,323,000.

OVERHAUL POLICIES

Mr. SHEPPARD. Now, you have the same general policy in the overhaul category that you had heretofore?

Admiral WALLIN. Yes, sir.

Mr. SHEPPARD. You have not shifted the policy?

Admiral WALLIN. No, sir; there is no shift in policy.

As regards overhaul schedules and restricted availabilities, there are changes necessary rather continuously due to operational requirements. We work out our overhaul schedule, and we have to change it because vessels that are in the overhaul schedule are required for purposes unforeseen and must trade their places in the overhaul schedule sometimes with other vessels.

SELF-MAINTENANCE

Mr. SHEPPARD. Items of self-maintenance, meaning by that maintenance performed by crew members of the ship, are not necessarily expressed here in the overhaul category in your monetary requests, are they?

Admiral WALLIN. No, sir.

Mr. SHEPPARD. In other words, they are considered routine and standard operations upon the part of the crews themselves?

Admiral WALLIN. Yes, sir.

Mr. SHEPPARD. Within the category of self-maintenance give us possibly two or three examples of what the crews perform in cases of literal damage operations, to the degree they do, let us put it that way.

Admiral WALLIN. Well, ships' crews themselves do a great deal of work.

Valve repair is a good example of the work they do, and even taking down piping and cleaning it, which is necessary because of the sea growth which occurs in salt-water piping,

Valves are subject to salt-water corrosion, and their valve seats and stems have to be renewed fairly frequently, and the crews do quite a bit of that kind of work.

The crews of ships do a great deal of work, and, of course, in addition to that the forces afloat have repair ship tenders which do a higher degree of work for vessels alongside.

Mr. SHEPPARD. In othe rwords, you do have a system of determining what are dock repair service requirements as against those of minor and intermediate categories that are done both aboard ship and done by the assistance of a mother ship that comes alongside for other repairs of a little heavier character; is not that true?

Admiral WALLIN. That is absolutely true, and regular work schedules are worked out for self-maintenance of that nature.

NAVAL STOCK ACCOUNT MATÉRIEL

Mr. SHEPPARD. You refer to Navy standard stock matériel. How does that differ from repair parts and components which you segregate for budget presentation purposes?

Admiral WALLIN. Navy standard stock matériel is matériel carried in stock for general usage by a rather large number of functions within the Navy. The stock is carried by the Bureau of Supplies and Accounts with a revolving fund. I would call it common-usage matériel, whereas the special matériel which you mentioned, components and spare parts is matériel peculiar, so-called, required for specific ships, and ordinarily only by the Bureau of Ships, for which reason it is not carried in standard stock because it is not standard, it is peculiar. It is handled by the Bureau of Ships, but carried in the storehouses of the Bureau of Supplies and Accounts.

REPAIR PARTS

Mr. SHEPPARD. All right, will you pick up your next item reflected within this classification. Your request for 1953 is $52,451,000, and in 1952 it was $129,727,300, a decrease of $77,276,300.

Admiral WALLIN. Yes, sir. These repair parts are parts peculiar to Bureau of Ships installations on shipboard. They are carried in special stock primarily at Mechanicsburg, Pa.

They are distributed, however, to other points indicated to naval shipyards and some of the supply depots to be readily available to ships and shipyards for repair work and replacement of parts.

PARTS STANDARDIZATION

We have a tremendous amount of work on this, and again with a view to reducing the stock of spare parts to the absolute minimum,

and that is reflected in our estimate here, we are asking for $52,500,000 in round numbers, as compared to $130,000,000 in 1952.

I might further say that one of the projects of the Bureau of Ships, and, indeed of the Navy Department, is to reduce the spare parts in favor of standardizing, instead of having parts peculiar, which is the aim of the vendors.

I think you are aware of the fact that when we buy most any kind of machinery, the vendor of that machinery lists all of the parts to it, and they would appear to be parts peculiar. However, if engineers are turned loose on that machine they feel that a lot of those parts are not parts which are peculiar, but are in general supply and have been purchased by the vendor in the general supply market.

So, one of our jobs is to ascertain what, in fact, are parts peculiar, and what can be purchased and carried in standard stock even for such a machine, and we are doing that all of the time with the idea of reducing the parts which are peculiar and carrying in standard stock items which are applicable not only to that one machine, but to many.

INDUSTRIAL OVERHEAD SUPPORT

Mr. SHEPPARD. On page 10–11, under item 1A (3) you refer to cost of industrial overhead support to be generated by the granting of project orders, and so forth. What is that item? Explain the project order procedure, and how is it used?

Captain SEABRING. That item, Mr. Chairman, covers the repair of material that is in store in order to make it issuable when required.

Funds are allocated under project order to industrial activities under the management and control of the Bureau to rehabilitate that material to make it suitable for reissue.

Admiral WALLIN. I would like to add one thing of interest, and that is where a ship comes in for a short time and has a machine which needs repair, the idea is to take that machine out and substitute for it one out of stock, and then repair the other one later on when we have the force available to put on that machine and put it back into stock so that it will be available for the next ship.

NUMBER OF ACTIVE FLEET VESSELS

Mr. WIGGLESWORTH. We have been told on two separate occasions for the record, Admiral, that the total number of ships in the active fleet for 1953 was to be 1,191, the identical number that was in the fleet in the fiscal year 1952. Now you tell us there will be in the active fleet 1,192 vessels in 1953 as compared with 1,103 vessels in 1952, and your justification for this item is based, as I understand it, on that alleged increase. Both statements cannot be correct. Which is the fact?

Admiral WALLIN. In fact, they are both correct, Mr. Wigglesworth, because the 1,192 in 1952 is the end of 1952. At the end of 1952 it is intended that there will be in commission in the active fleet 1,192 vessels and no increase thereafter during the fiscal year 1953. There have been reactivations during 1952, but 1952 ends with 1,192 vessels.

Mr. WIGGLESWORTH. Well, we were told 1,191 for both years, both before the full subcommittee and the other day here by Admiral Fechteler.

Admiral CLEXTON. Admiral Fechteler did not add the experimental ship which is the destroyer leader which the Bureau of Ships has got to do maintenance work on.

Admiral WALLIN. Yes, we have the experimental ship *Norfolk*. That is the name of an experimental destroyer with high steam pressure and a lot of other advanced engineering. She will not be a part of the fleet. She will be designated as experimental and will be used during the year to ascertain how satisfactory the new advances and advanced designs of machinery are.

Mr. WIGGLESWORTH. Your statement says "Provides for an active fleet of 1,192 vessels."

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Mr. WIGGLESWORTH. In the statements made by Admiral Fechteler, and I forget who else before the full subcommittee there were also shown 1,191 ships for both fiscal years 1952 and 1953. You show 1,192 ships for fiscal 1953 as compared with an 1,103 average for 1952.

Admiral WALLIN. I think those are reconciled, Mr. Wigglesworth. One experimental ship is listed, showing 1,192.

Mr. WIGGLESWORTH. Then that is not in the active fleet, is it?

Admiral WALLIN. No.

Mr. WIGGLESWORTH. Your statement says the active fleet is 1,192 vessels.

Admiral WALLIN. Well, she will not be in the operating fleet, but she will be, for budget purposes, in the active fleet.

Mr. WIGGLESWORTH. Then, it does not agree with what Admiral Fechteler tells us. I think we ought to have statements that coincide and that are accurate.

Admiral WALLIN. I think the wording would make that accurate.

Mr. WIGGLESWORTH. Either the wording is wrong, or the number is wrong.

Admiral WALLIN. The operating fleet is what it is.

Mr. WIGGLESWORTH. What about the difference between the 1,103 ships you are talking about as the basis for funds requested for 1952 and the fact that Admiral Fechteler told us the number of ships was identical in the two years, 1,191?

Admiral WALLIN. The 1,103 for 1952 is the average number of ships throughout that year, taking into account what we started with at the beginning of the fiscal year 1952, and what we ended with, namely, 1,192, there having been activations to the extent, I think, of 103 ships.

Mr. WIGGLESWORTH. Well, 1,103 plus 103 does not give 1,192.

Admiral WALLIN. Just a minute, there were 167 reactivations during the fiscal year 1952.

Mr. WIGGLESWORTH. That will not give 1,192.

Admiral WALLIN. I think there are some inactivations to work in in that also, Mr. Wigglesworth.

Mr. WIGGLESWORTH. I do not know what the basis is, I only know that on 3 separate occasions when I have asked for this figure, or on 2 of them, I was given the figure 1,191 for the 2 years, and now you tell us it is 1,103 for fiscal 1952. Of course, your appropriation request would presumably vary materially, according to which figure you use.

Admiral CLEXTON. Off the record.

(Discussion off the record.)

Mr. WIGGLESWORTH. I understand the difference of 1 ship that you are talking about in 1953, but I do not understand the difference between the figure for 1952, 1,191 ships which has been given us twice heretofore and your figure of 1,103 ships that you now give us as the basis of your computation. It makes you wonder whether you can rely on any figures that are given to us.

Admiral WALLIN. I would say that is a very difficult mathematical problem, Mr. Wigglesworth, because throughout the fiscal year 1952 we are under the process of change. We are reactivating ships to go into the active fleet, and at the same time inactivating vessels to go out of the active fleet and into the reserve fleet.

Mr. SHEPPARD. In other words, you have a changing inventory, do you, from one category to another? Would that possibly be the reason for the differences in the answers that have been given.

Admiral WALLIN. On this point I believe that is correct. At any one time it is difficult to say how many ships we have unless we use the Naval Register only as our source of information.

Mr. WIGGLESWORTH. Well, you tell me that you are figuring on 626 overhauls this year as compared with 593 for the fiscal year 1952.

Admiral WALLIN. Yes, sir.

Mr. WIGGLESWORTH. That is an increase of 6 percent, roughly, is it not, and yet, according to the testimony that we have been given, the number of ships in the active fleet in both years is identical.

Admiral WALLIN. No, sir, not identical, Mr. Wigglesworth.

Mr. WIGGLESWORTH. That is what I understood Admiral Fechteler to say before this sub-subcommittee and to say previously before the full subcommittee.

Admiral WALLIN. I think what was said, or intended to be said, was that in 1953 the number of ships in the active fleet will be the same as the number we end with in 1952.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

SCHEDULING OF OVERHAULS

Mr. WIGGLESWORTH. How do you figure the number to be overhauled?

Admiral WALLIN. That is arrived at by the Office of the Chief of Naval Operations, figuring the time of the last overhaul, and the usual time interval between overhauls, and the availability of the ships based on the operating schedule.

Mr. WIGGLESWORTH. Do you take each ship and decide whether or not it needs an overhaul, or do you just say we have so many ships in the fleet, and we have to overhaul a certain percentage of them each year?

Admiral WALLIN. Each ship is considered individually. Captain Hoffheins is here who handles that in the Chief of Naval Operations' office, and I would like to have him make a statement on that.

Captain HOFFHEINS. In each class of ships there is a particular overhaul cycle, which has been arrived at by experience through the years, such that the ship is in overhaul for a certain number of months and a certain number of months elapses between overhauls.

As examples, hospital ships are normally overhauled during a 2-month period with 24 months elapsing between such overhauls.

CV's, carriers, are overhauled for a period of 4 months, with 20 months elapsing between overhauls.

I can give you other examples if you would like to have them, Mr. Wigglesworth.

Mr. WIGGLESWORTH. You do it on a yardstick basis, not on the basis of the inspection of the individual ship?

Captain HOFFHEINS. Yes, sir; that has been determined to be necessary.

Mr. WIGGLESWORTH. In the light of experience?

Captain HOFFHEINS. Yes, sir; in the light of experience.

Mr. WIGGLESWORTH. I understand Admiral Wallin to say it was done on a ship by ship inspection basis.

Admiral WALLIN. Not by inspection; I meant all ships are considered in the active fleet.

Mr. WIGGLESWORTH. Of course, they are all considered, but I am trying to determine how you arrive at whether a ship needs overhaul or not.

Captain HOFFHEINS. In every instance after the lapsing of approximately 2 years, which is the normal interval between overhauls there is a great deal of industrial assistance necessary.

BASIS FOR THE ESTIMATE

Mr. WIGGLESWORTH. How do you arrive at this partial overhaul figure, in the light of experience? You say you figure you need $35,500,000 this year, as compared with $30,500,000 for 1952. How do you arrive at that figure?

Captain HOFFHEINS. May I answer that?

Mr. WIGGLESWORTH. I would be glad to have anyone that can answer the question.

Captain HOFFHEINS. The routine overhauls are not only to repair known defects, but there is a great deal of preventive maintenance which is necessary——

Mr. WIGGLESWORTH. I do not care about that. I am trying to find out the method by which you arrived at this figure.

Captain HOFFHEINS. For restricted availabilities, may be assigned as short a time as 1 day.

Mr. WIGGLESWORTH. I want to know how you arrived at the figure of $35,500,000 for 1953 as compared with $30,500,000 in the current fiscal year when you do not know the number of ships that are going to require partial overhauling. What is the yardstick used in arriving at that figure?

Captain HOFFHEINS. The yardstick is necessarily one based on past experience.

Mr. WIGGLESWORTH. What is that experience?

Captain HOFFHEINS. The number of ships, primarily to the degree to which they are operated.

Mr. SHEPPARD. Would you tell the gentleman at that point what your experience has been in that category, whether it is 1 percent, 2 percent, or 3 percent of the operational ships which require intermediate repairs?

Admiral WALLIN. Experience indicates that about $30,000,000 will be required for the fiscal year 1952.

Mr. WIGGLESWORTH. That does not tell me a thing; you told me that before. I want to know how you determined that, what is the mathematics of it?

Admiral WALLIN. I do not think he is responsible for that estimate. The Bureau of Ships is responsible for the estimate.

Mr. WIGGLESWORTH. Well, whoever knows about it I wish would give us some idea about it.

Admiral WALLIN. We make a determination and it is based on our discussion of the matter with the Chief of Naval Operations office as to the kind of operational experience we anticipate for the fiscal year, comparing that with the previous fiscal year, and taking into account the number of ships in the active fleet and what damages we have suffered during the previous fiscal year. We have to come up with a figure, but we cannot reduce it to pure mathematics; it is largely a matter of judgment.

Mr. WIGGLESWORTH. Do you just reach up into the air and say we had $30 million last year, and we better have $35 million this year?

Admiral WALLIN. No.

Mr. WIGGLESWORTH. How do you arrive at it?

Admiral WALLIN. It is an engineering estimate based on what we have been doing and what the situation appears to be.

Mr. WIGGLESWORTH. You are asking for a 16-percent increase in funds for this purpose, which is away above the increase in the number of ships to be overhauled.

Admiral WALLIN. Oh, yes, it is beyond that, but we are having damaged ships coming in.

Mr. WIGGLESWORTH. If you were sitting on this side of the table do you think that what you have told us here today would warrant the appropriation of $35,000,000 for 1953 as compared with $30,000,000 last year?

Admiral WALLIN. I think so; yes, sir.

Mr. WIGGLESWORTH. I do not know what in the world you would base it on except faith in the witness who is testifying. That is all I have to say on that, Mr. Chairman.

Mr. SHEPPARD. Let me inquire a little further into that subject matter, if I may. When you are making your estimates for this type of overhaul you have a series of conditions with which you are confronted to create or formulate your estimate. First, the ships from experience in certain types of operations have clearly indicated that there is a certain percentage of overhaul and repair needed.

Now, in order to forecast your requirements and make your estimate you can go back to your yardstick of experience as it has prevailed in the past, and then when you find out the extent of operations required, whether the operations are going to broaden, increase, or be intensified as compared to the preceding year, or decreased you apply your yardstick based on your past year's experience. Obviously, if your ships have to go into intensified and more extended operations in 1953 when they were only in a semistatus of operation in 1952, your exposure to the hazards of repair are very much greater, and your requirement for repair and overhaul would be correspondingly intensified. Is that a logical conclusion?

Admiral WALLIN. I believe it is a logical and a very comprehensive statement covering the situation.

Mr. SHEPPARD. Now, have you followed that procedure, in response to the question to which Mr. Wigglesworth has addressed himself?

Admiral WALLIN. Yes, I think we have, but we cannot do it on a mathematical basis.

Mr. SHEPPARD. Was it indicated by the operational plan of the Chief of Naval Operations that the active fleet would be subjected to more intensified operations in 1953 as compared to its operations in 1952?

Admiral WALLIN. Well, I cannot say that the Chief of Naval Operations' office anticipated that we would go into more intensified operation in 1953 than in 1952 but we, nevertheless, have to make provision for casualties and damage.

Mr. SHEPPARD. That is right.

Admiral WALLIN. Regardless of the anticipated operations we feel that our estimate has to be increased in the light of what is going on.

Mr. SHEPPARD. Well, Admiral, somewhere in this situation there has been a conclusion reached whereby you decided that you have to increase your money request for 1953 as compared with your yardstick of experience for 1952. That is what the gentleman is addressing himself to, and he is desirous to find out what specific increase in operations has exposed itself to the degree of causing you to determine that you have to have more money to do the job.

Captain SEABRING. Might I give you some specific examples, Mr. Chairman?

Mr. SHEPPARD. Yes, certainly.

RESTRICTED AVAILABILITIES

Captain SEABRING. In the category of restricted availabilities, due to battle damage sustained by ships in Korea, one example is the destroyer *Mansfield* which required $884,682 worth of repairs on her when she returned from battle damage in Korea, and the second example is the destroyer *Brush*, which required $1,401,105 worth of repairs.

Mr. SHEPPARD. Before you go further, could you anticipate that would actually happen in literal effect? It was exposure to an intensified operational condition that caused it?

Captain SEABRING. That is correct; we could not foresee it.

Mr. SHEPPARD. All right.

Mr. WIGGLESWORTH. I was under the impression that these requests were presented on the theory that the war in Korea would be over on the 30th of June 1952, and, therefore, would not be in force in the fiscal year 1953.

Captain SEABRING. Battle damage is only one portion of the restricted availability category.

Mr. WIGGLESWORTH. To what extent has it been included in the request for $35,500,000 for 1953?

Captain SEABRING. The $35,500,000 was predicated on the increased number of ships, on more or less a percentage basis, based on past experience in 1950, 1951, and 1952.

Mr. WIGGLESWORTH. For battle damage in Korea?

Captain SEABRING. Not alone that, no sir, but for collision damages, groundings, and so forth.

Mr. WIGGLESWORTH. My question is how much battle damage in Korea is included in this $35,500,000 requested for 1953?

Captain SEABRING. We do not know exactly the amount for battle damage as such.

Mr. WIGGLESWORTH. To what extent is it included?

Captain SEABRING. It was not broken out as a separate item, Mr. Wigglesworth.

Mr. WIGGLESWORTH. I am not asking that, but to what extent it is included in this $35,500,000. You have just given us two examples both of which were battle damage in Korea. Now, to what extent does this budget presuppose that there will be any battle damage in 1953?

Captain SEABRING. The Korean coast line is infested with mines, and even with the cessation of hostilities there is no indication that these ships will not receive mine damage.

Mr. WIGGLESWORTH. Well, to what extent have you included it in your estimate for 1953?

Mr. SHEPPARD. If you do not know, do not guess.

Captain SEABRING. I cannot guess.

Mr. WIGGLESWORTH. Would you know whether it is included or not?

Captain SEABRING. No, sir, not specifically, but there is provision for the routine damage to ships which is based on past experience.

Mr. WIGGLESWORTH. It strikes me that this is an estimate by ear.

Captain SEABRING. This covers unforeseen contingencies you might say, sir.

Admiral SOLOMON. May I make an observation here, Mr. Chairman?

Mr. SHEPPARD. You may.

Admiral SOLOMON. I have recently returned from a tour of sea duty, in which a part of my command consisted of some 75 destroyers. Restricted availability, as applied to that specific group was for emergency repairs and unforeseen repairs due to operations, primarily at sea, which were beyond the capacity of the forces afloat to repair.

One of the more common items was emergency dry docking because a ship was steaming along and hit a submerged log or something of that nature which hit the sound dome at the bottom of the ship. In order to make that ship operative again it was necessary to dry dock the ship, and that is a sizable charge. Every time you have to dry dock a ship it costs quite a bit of money. Another item of that nature is storm damage. Your ships are out and a storm blows up and you have a certain amount of structural damage resulting therefrom.

A generator aboard ship will occasionally burn out a bearing or something of that nature before that generator can be stopped, even with all of the observations and all of the safety precautions observed.

INCREASE IN OPERATIONS

Mr. SHEPPARD. Admiral, I think you are right in your description. I am intervening for this reason, that you do have this experience,

and this was set before the committee in the past years' budget. However, the point the gentleman is specifically addressing himself to is the question as to why do you expect an increase in that function when we are told that the Korean aspect of the situation is not reflected in this bill, and yet we find more money there. That is the point he is referring to, as I get it. Now we are told that Korea has no influence on your budget at the moment, and yet we find an increase there. What is your purpose for putting that increase in there if Korea is not involved? Do you have ships which are arriving at a point where they have to be exposed to more hazards, or is it because of increased operations? That is the point.

Admiral SOLOMONS. That is covered in part, at least, by approximately a 10-percent increase in the number of ships in operation in 1953 relative to 1952.

Mr. SHEPPARD. In other words, then, you are increasing your operational requirement for ships by 10 percent?

Admiral SOLOMONS. Yes, sir.

Mr. WIGGLESWORTH. According to my figures it is about 8 percent in ships, and about 16 percent in this item.

Admiral WALLIN. Actually on the basis of experience and expenditures, I think that is based on judgment as to how much would be required in 1953, and we reviewed the situation as to how we were doing in 1952.

Mr. WIGGLESWORTH. Including Korea?

Admiral WALLIN. Well, the whole situation, and what this money is supposed to cover, restricted availabilities, and those damages regardless of where they occur.

Mr. WIGGLESWORTH. But did it, in fact, include Korean damage because the officer next to you gave us two examples of Korean damage?

Admiral WALLIN. There were several that we covered. We covered collisions, groundings, propeller troubles, and sound-gear troubles, but actually our estimate comes out about right based on obligations.

For the first half of the fiscal year 1952 we have obligated $17.8 million. Now, multiplying that by two for the fiscal year 1952 it would run $35.6 million for a fleet which is a bit smaller than the fleet we are talking about for 1953.

Mr. WIGGLESWORTH. What percentage was included for 1952 for Korea?

Admiral WALLIN. There is none included as such.

Mr. WIGGLESWORTH. We were just given two examples, were we not, running into several million dollars for Korea. How can you say there is none in the face of that testimony?

Admiral WALLIN. We were not permitted to include in the budget either for 1952 or for 1953 money for damages in Korea as such.

Mr. WIGGLESWORTH. But your obligations included that, did they not?

Admiral WALLIN. Yes, sir.

Mr. WIGGLESWORTH. And the figure you just gave us for obligations included Korea?

Admiral WALLIN. Yes, sir; but that is for all work of this nature.

Mr. WIGGLESWORTH. I am trying to get how much of that was for Korea.

Admiral WALLIN. He has some figures there on damages to ships suffered in Korea, but our estimate for 1952 did not include any figure, as such for Korea.

Mr. WIGGLESWORTH. I understand that, but the obligation figure you just gave us by way of a justification did.

Admiral WALLIN. That is correct.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Captain SEABRING. The examples which I gave, Mr. Wigglesworth, totaled about $3,500,000, sir.

Mr. WIGGLESWORTH. And that represents the total?

Captain SEABRING. These are examples. I do not think they will represent the total; no, sir.

Mr. WIGGLESWORTH. Then it is not responsive to my question, if I may say so.

Captain SEABRING. These are the only examples that I have available here, sir.

Mr. WIGGLESWORTH. But you think that there are more of them?

Captain SEABRING. I cannot say; I do not know.

Mr. WIGGLESWORTH. Well, you said that they were the only examples you had, but you thought it was not complete, as I understood you.

Captain SEABRING. I cannot say whether they are or not. I would have to check to be certain.

Mr. WIGGLESWORTH. Who can say? You are sitting across this table supposed to be an expert on this item, as I understand it, and if you cannot say I do not know who can. We ought to have somebody here who can tell us the story if you want this money. That is what it comes down to.

Captain SEABRING. We can check and give you the list, sir.

Mr. WIGGLESWORTH. If nobody can give us the information, that is the best we can do under the circumstances. I do not know. It is apparently just another example where a witness is not properly prepared to justify the item that is presented to the committee.

That is all, Mr. Chairman.

Mr. FERNANDEZ. Mr. Chairman, the justifications at the bottom of page 10–8 and on page 10–9, I think, give very good reasons for the need to provide an increase of funds to take care of this situation. I suppose those are already in the record.

Mr. SHEPPARD. No; they are not. We briefed them in order to save time.

Mr. FERNANDEZ. In view of these questions, I think that ought to go into the record, because I have read that carefully and I think it gives a concise explanation of the need for the additional funds.

Mr. SHEPPARD. To what pages do you refer, Mr. Fernandez?

Mr. FERNANDEZ. Beginning at the middle of page 10–8 and all of page 10–9 of the justifications.

Mr. SHEPPARD. We will insert the language the gentleman has referred to in the record at this point.

(The matter referred to is as follows:)

The objective of this program is to maintain ships of the active fleet at the best possible degree of combat readiness. Funds are required in fiscal year 1953 for the maintenance of 1,192 active-fleet ships and 1,223 active service craft. The funds requested will provide for the overhaul of 626 active fleet ships. The unit

costs for regular overhauls and restricted availabilities used in computing the total requirement are based on cost returns and reports from the fleet commanders which indicate that work is required on all ships if they are to be maintained in a state of combat readiness. This condition is a result of the austerity program for the maintenance of the ships of the active fleet which was in effect prior to the Korean conflict. In addition, reduced personnel allowances prior to the Korean war did not permit the ships' forces to accomplish as much work as might normally be expected. Ships reactivated since the Korean war present an entirely different problem. Recent experience has proved that these ships must operate an appreciable time in order that their crews may become thoroughly familiar with the ships before defects and deficiencies are discovered. In many instances defects and deficiencies are discovered and rectified. However, in some instances very costly breakdowns occur before these conditions are known. Excessive work required when overhauling reactivated ships may be attributed to many factors; ships inactivated without overhaul; inherent deterioration due to age; and the lack of trained crews due to many reservists being returned to ratings held at discharge who had little or no experience in the duties of their rates for a period of 6 years. Many ships presently taking part in the Korean operations will not be scheduled for overhaul until 1953. The policy of self-maintenance by forces afloat to the maximum extent possible is still followed. However, the tempo of operations in the western Pacific with its attendant long and strenuous periods at sea allows little time for maintenance by ships' force. Some types of ships are reported as steaming three times their peacetime rate. Work not accomplished by ships' force must be undertaken during shipyard availabilities. The unit costs used in arriving at the total requirement of funds for overhauls and restricted availabilities reflect increased labor, increased material costs, and increased cost per job due to the necessity for hiring of inexperienced personnel in naval shipyards. Expansion of the shipyards is required to support a greatly augmented fleet and additional personnel trained in marine repair work are not readily obtainable.

The policy in existence prior to the Korean war of maintaining the ships as economically as possible, brought about the deferment of many desirable work items which would have resulted in reduced maintenance costs at the present time. An example of this is the cancellation of vinylidene resin coating for gasoline tanks of fleet oilers and gasoline tankers. Timely application of this protective coating greatly reduces maintenance costs and gasoline tank deterioration. In many instances, overhaul costs in specific cases have exceeded the average unit cost used in estimating the funds needed in this subproject for those particular types of ships. An example is a group of three landing ship, tanks (LST's) returned from SCAJAP (Supreme Command Allies, Japan) which overhauled at an average cost of $300,000. This budget contains an estimated average unit cost of $152,000 for the overhaul of LST-type ships. The existing conditions referred to herein are some of the reasons for the high overhaul average unit costs used in this estimate.

The cost of maintaining battle targets and fleet boat pools is included in the estimate for restricted availabilities. In the same estimate are funds to cover the costs of collision damages, groundings, damage by fire, training operations, particularly amphibious operations where landing craft are invariably damaged in beaching, which result in unusually high repair costs.

Mr. FERNANDEZ. That is all, Mr. Chairman.

Mr. SHEPPARD. Do you have any further questions, Mr. Wigglesworth, on this issue?

Mr. WIGGLESWORTH. No; I have no further questions.

ALTERATIONS AND MIP—LABOR AND NSA MATERIAL

Mr. SHEPPARD. Very well, gentlemen, we will pick up "Alterations and MIP, labor and NSA material." This comprises a series of categories 1B (1), 1B (2), 1B (3), and 1B (4). That is reflected, gentlemen, on page 10–12 of the justifications.

Your request here is for $140,014,000 for 1953, and your estimate for 1952 was $66,631,300.

Admiral WALLIN. The amount requested is designed to finance a program of improvement on those active fleet vessels beginning over-

haul during fiscal year 1953. All alterations, for which material is available, designated mandatory for national security, and most alterations designated essential to the improved combat readiness of the augmented active fleet will be accomplished. Examples of such alterations are: Installation of modern air search and surface search radar; modifications to aircraft carriers to permit operation of new types of aircraft; provision of stowage for condensed electronic spare parts allowances; installation of equipment to combat the effects of radiation on ship and personnel following atomic attack; the provision of stowage for inflatable boats in sufficient quantity to keep all embarked personnel out of the water; installation of improved ordnance and fire-control equipment; modifications to existing ordnance equipment; modifications to shipboard installations, arrangements, systems, and material to increase safety and operating efficiency of ships; pilot installations of newly developed materials and systems for evaluation by forces afloat. The funding requested is based on cost returns and calculated estimates for individual installations determined by careful analysis of the alteration status on each of the vessels scheduled to begin overhaul during fiscal year 1953.

Mr. SHEPPARD. Now, you will pick up the presentation for that requirement. Before you do that I wish you would define for the benefit of the committee what the initials MIP mean as they are applied here.

Admiral WALLIN. The initials MIP mean materials improvement plan, the installation of improved military equipment in our ships. They are arrived at by the Chief of Naval Operations and authorized and put in the program.

In many cases the material for same, such as machinery components, are purchased in advance of the request for funds for installation of same. The money here is for installation in ships of military improvements to increase the combat readiness of the active vessels of the fleet.

Mr. SHEPPARD. I presume that there is a direct relationship between item 1–B (1) and item 1–B (2); is that correct?

Admiral WALLIN. There is a direct relationship, but the relationship exists with components from the previous requests, that is, purchased under the components budget funds available in the preceding or earlier years.

Mr. FERNANDEZ. With reference to this materials improvement program, you say the funds requested are designed to cover—

all alterations designated mandatory for national security and most alterations designated essential to the improved combat readiness of the augmented active fleet.

Who does that designating? How do you determine that?

Admiral WALLIN. The Chief of Naval Operations designates those either as mandatory or essential to improvement of the combat readiness.

Mr. FERNANDEZ. How does he go about it, give us some idea as to the procedure.

Captain HOFFHEINS. The material improvement plan is an annual plan to install and ship items of military improvement which are due for overhaul that year. The items stem from very many sources—research and development, recommendations from the fleet, the various material bureaus and the Office of the Chief of Naval Opera-

tions. They are submitted initially from the Chief of Naval Operations and are carefully reviewed by the agencies that have to do with the particular item in question. They are then drawn up into the plan for installation in a particular fiscal year, and prioritywise contain the various items of increased combat efficiency and/or safety.

Mr. FERNANDEZ. And the final recommendation is then made by the Chief of Naval Operations upon that information?

Captain HOFFHEINS. That is correct, sir, and is approved by the Secretary of the Navy.

Mr. FERNANDEZ. As being what is absolutely necessary to provide for the kind of a Navy needed in this emergency?

Captain HOFFHEINS. That is correct, Mr. Fernandez.

Mr. SHEPPARD. You may address yourself to 1–B (1), Mr. Wigglesworth.

JUSTIFICATION OF REQUEST

Mr. WIGGLESWORTH. Under alterations and MIP, I see $66,912,000 in 1951 and $66,631,000 in 1952, and you now go up to $140,014,000 in 1953.

What are you going to do with all that money?

Admiral WALLIN. The purpose of the money is to pay for the installation in vessels of certain components the equipments primarily that will improve the combat readiness of the fleet, most of which were procured under previous appropriations and had to do with the necessity for increasing the combat readiness of the vessels of the fleet, but this particular part of it, the installation, follows by a year or 2 years the acquisition of the material.

Mr. WIGGLESWORTH. Is there anywhere in these justifications a breakdown of a list of items whereby you arrived at this figure of $140,014,000?

Admiral WALLIN. Yes; we have a complete list.

Mr. WIGGLESWORTH. Is it in the justifications?

Admiral WALLIN. It is not in the justifications. It is a rather large pamphlet. This is it, Mr. Wigglesworth.

Mr. SHEPPARD. That is your shopping list under this requirement?

Captain SEABRING. It is the material-improvement plan, sir.

Mr. WIGGLESWORTH. Are the items in this voluminous document, which discloses very little as far as I am concerned, supposed to add up to $140,014,000?

Admiral WALLIN. We can provide the additional items which are alterations for all ships authorized by the Bureau, and include the overhead for installation which is not included there.

Mr. WIGGLESWORTH. It would take someone familiar with naval procedure and naval designations to make anything whatsoever out of this list that you have handed me here. It is 56 pages long. It has a heading, for example, "Surface ships search," "Scanning," and so forth, and then it has a whole grouping of something like 70 numbers after it that mean nothing to me as one who is not versed in these designations.

Do you not have anything that the average person can look at that will give some idea of what this large sum of $140,014,000 is to be spent for? You do not have it in your justifications.

Admiral WALLIN. We have a summary of what it is to be spent for, unpriced, on page 10–12.

Mr. WIGGLESWORTH. In your justifications, you have given us about three paragraphs in respect to this request for $140,014,000. I suppose that we are expected to just swallow it without further information. I do not have the faintest idea of what you are going to do with this money except in generalities.

Admiral WALLIN. We will be pleased to furnish to the committee additional sheets showing the make-up of the total sum and the items. We have some right here showing the ships.

Mr. WIGGLESWORTH. Do you not think the members of this committee ought to have more than three paragraphs of generalities in order to pass upon whether or not $140,014,000 is justified for this purpose?

Admiral WALLIN. We will be very pleased to furnish it, Mr. Wigglesworth.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Mr. WIGGLESWORTH. I am asking if you do not have something upon which this committee can form some judgment on as to why you want $140,014,000. You cannot expect the committee just to take it on blind faith.

Mr. SHEPPARD. Admiral, do you have some specific examples that would indicate the premise upon which you prepared your budget requirements?

Admiral WALLIN. We have here some sheets, a breakdown of bulk items by ships, the number of ships involved, totaling $140,014,000.

Mr. SHEPPARD. I suggest that you submit the document to Mr. Wigglesworth in order that he may see the composition and the mathematics.

Mr. WIGGLESWORTH. This is alterations, is it not?

Admiral WALLIN. Yes.

Mr. WIGGLESWORTH. And MIP, what do you mean by that?

Admiral WALLIN. Material-improvement plan established by the Chief of Naval Operations for our guidance and direction.

Mr. WIGGLESWORTH. This table shows, for example, the number of battleships in the active fleet. It shows 75 percent of those for overhaul in 1953. It says under column 1, "Direct." What does that mean?

Admiral WALLIN. That is direct labor.

Mr. WIGGLESWORTH. In the amount of $202,425?

Admiral WALLIN. Yes.

Mr. WIGGLESWORTH. Does that represent an estimated number of men to work for an estimated number of hours on an estimated overhaul, the cost of which is conjectural?

Admiral WALLIN. Essentially that is so; yes.

OVERHEAD

Mr. WIGGLESWORTH. The next item is entitled "Overhead," $182,000. What is that?

Admiral WALLIN. That is the overhead at the shipyard, for instance, which is applicable to the direct labor. It averages 85 to 90 percent.

Mr. WIGGLESWORTH. What does that include?

Admiral WALLIN. That includes all the support of a naval shipyard, plus policemen, firemen, planners, clerical, design people, shop overhead, such as supervision, and certain material that is used for the maintenance of the yard.

Mr. WIGGLESWORTH. You have a column headed "NSA." What is that?

Admiral WALLIN. That is material that has gone out of store for the work—steel, for instance, angle bars, rivets, welding material, paint, or whatever it may be.

Mr. WIGGLESWORTH. Off the record.

(Discussion off the record.)

Mr. WIGGLESWORTH. Then you continue with a less expensive item, apparently, and give the direct cost, the overhead involved, the total and then add in the NSA, and you come out with a total labor cost and NSA labor cost per ship for ship alterations, and a total labor and NSA cost per ship, and it runs up in this instance to around $546,000 per ship, according to the table, and $1,638,066 for the three ships. This does not indicate in any way, as far as I can see, what the alterations are or what the new equipment is that you are going to put into these ships. It is just the end figures for an unspecified job that somebody has computed in terms of estimated manpower and estimated hours and estimated overhead.

Admiral WALLIN. It is the financial set-up of the work intended, which is covered in other lists, Mr. Wigglesworth.

Mr. WIGGLESWORTH. Where are those lists?

Admiral WALLIN. Here is one right here. This is the Chief of Naval Operations' list.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Mr. WIGGLESWORTH. You have given me the end mathematics of all the jobs that are to be done for $140,000,000 on two sheets here.

Admiral WALLIN. Yes.

Mr. WIGGLESWORTH. I would like to know not only what the job is estimated to cost, but what the job is, and that ought not to be a very difficult job, to give the committee some understanding of what alterations you are going to make on the battleships, and what machinery you are going to install there that results in these figures.

Admiral WALLIN. You will find that there are many, many jobs there.

Mr. WIGGLESWORTH. There cannot be so very many because you have them listed on two pages.

Mr. SHEPPARD. That represents the end result. That is not a part of the components that go into the end result. If you want to get all the jobs that are reflected in the category of the master sheet that you have in front of you, it is going to take a very extensive investigation to get it. They have it. If you want to pick out what you think are two or three glaring examples and get the information that goes into that, that would be another aspect of it. The operations on board one of these ships are tremendous.

Admiral WALLIN. There would be hundreds of different jobs.

Mr. SHEPPARD. The criteria upon which you proceeded to arrive at the master sheet that you have given the gentleman certainly is indicative that you have supporting evidence in your files.

Admiral WALLIN. That is arrived at by careful process of estimating each job and adding them up and putting them in the list for the various types, and the number of ships involved for each type.

Mr. WIGGLESWORTH. I am willing to assume what the admiral says is true. On the other hand, this committee has some responsibility for the figure that it recommends to the House.

Mr. SHEPPARD. We have a total responsibility.

Mr. WIGGLESWORTH. As far as I am concerned, I could not tell whether this should be $400,000,000 or $70,000,000 from anything that has been told to this committee this morning. I do not have the faintest idea of what is going into these ships.

Admiral WALLIN. We have a general justification indicating some of the things that would go in, but as I say, there would be hundreds of items covered by those financial sheets, and we could produce those.

Mr. FERNANDEZ. You mean that you have those justifications in the record already?

Admiral WALLIN. We have justifications in the record, generally, I would say.

Mr. WIGGLESWORTH. It is three paragraphs long.

Admiral WALLIN. That is right.

Mr. WIGGLESWORTH. My difficulty is that we have nothing for the record that gives any justification for this specific figure of $140,014,000, and secondly, that the $140,014,000 requested is more than double what was requested in the fiscal years 1951 and 1952. I do not see how we are going to justify this item on the floor of the House unless you have something either on or off the record that you can give us.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Mr. WIGGLESWORTH. I understand that Admiral Wallin thinks he can provide a statement that would be helpful in this connection which will show a classification of the major items, the number to be installed, and the number of ships they are to be installed in and the cost of the installations in each instance, and a further general statement as to why the amount requested for this item in 1953 amounts to more than 100 percent of that requested in 1951 and 1952. I think if the major items making up this $140,014,000 can be shown in some such way for the benefit of the committee, in addition to what we have already been furnished, it should be helpful.

Mr. SHEPPARD. Can you supply the information that the gentleman wants?

Admiral WALLIN. A part of it is classified material, however, I will be very pleased to supply that information to the committee.

(The unclassified portion of the material referred to is as follows:)

As of June 30, 1951, $52,747,560 unexpended funds were available to accomplish alterations to active fleet vessels during fiscal year 1952. By adding the 1952 funds of $66,631,300 a total of $119,378,860 is available for expenditures in fiscal year 1952, which compares favorably with $140,014,000 requested for fiscal year 1953.

ELECTRONICS AND SHIP COMPONENTS

Mr. FERNANDEZ. I, too, have been concerned with the fact that there is quite a large increase in this item as compared to last year and the year before.

Now, in your discussion a moment ago off the record, as I recall, you pointed out that it was necessary to purchase very costly items for this program; that the appropriations for those items have been furnished you in prior year appropriations. About how much would those items aggregate?

Admiral WALLIN. The answer to that is, your understanding is entirely correct on that point, and I would say that the major items which are involved here have to do with the electronics and ship components.

Mr. FERNANDEZ. And they will aggregate approximately $1,000,000,000?

Admiral WALLIN. In the fiscal year 1951 electronics amounted to about $558,000,000. In 1952, $341,000,000, and components amounted to $33, 000,000 in 1951 and $8,000,000 in 1952.

Mr. FERNANDEZ. So they approximately aggregate about $1,000,000,000?

Admiral WALLIN. The figure of about $1,000,000,000 that was referred to includes all funds appropriated for electronics in fiscal years 1951 and 1952, but the total funds available in those years for the procurement of all equipment applicable to this budget project total approximately $536,000,000.

Mr. FERNANDEZ. Those have now been purchased and are on hand to be installed?

Admiral WALLIN. Those are being delivered now. They will continue to be delivered, I would say, through the fiscal years 1953 and 1954.

Mr. FERNANDEZ. I take it, since they were not delivered before this, you could not ask for the money to install them in the previous 2 years?

Admiral WALLIN. That is entirely correct.

Mr. FERNANDEZ. Consequently, now that you have them on hand, you have need for the money to install them, and that is one of the reasons for the larger request this year?

Admiral WALLIN. That is the major reason, and if we do not install them we have to store them.

ALTERATIONS AND MIP-COMPONENTS

Mr. SHEPPARD. We will take up your next subproject, "1–B (2), alterations and MIP-components." Your request for 1953 is $11,587,000. Your estimate for 1952 was $8,003,900. This reflects an increase of $3,583,100.

We will insert the justification of funds requested for this item appearing on the bottom of page 10–13 and the top of page 10–14.

(The justification referred to is as follows:)

The program of procurement budgeted herein is designed to provide for the orderly procurement, by the close of fiscal year 1953, of approved alteration components (other than electronics), required to accomplish material improvement installations (Navalts) contained within the Ship Improvement Guide, part I, priority I and II as well as other Bureau alterations (Shipalts) of equivalent priority. Requirements are based upon the phased procurement of economical quantities of components required to accomplish alterations (Navalts) approved by the Chief of Naval Operations and those alterations set forth in firmly established Bureau approved alterations (Shipalts) falling within the priority coverage indicated. Examples of materials to be purchased are as follows: Automatic depth keeping equipment for submarines; oxygen-nitrogen plants for carriers; shaft-driven lub oil service pumps for carriers, destroyers, and related types;

improved underwater log systems for carriers, submarines, and auxiliary vessels; motor-generators for aircraft jet engine starting and special electronics power supply; miscellaneous items including special Snorkel head valves, periscopes with navigational features for Guppy submarines, and equipment for refueling lighter-than-air ships.

Mr. SHEPPARD. Give us the highlights of this briefly, and specifically address yourself to the increase of $3,583,100.

Admiral WALLIN. Components are items of machinery, or equipments which are peculiar to certain ships, although standardized in part on as many vessels as we find it advantageous and practicable.

It is necessary to buy components in advance of the improvements contemplated, as indicated by Mr. Fernandez. The components which were purchased in 1951 and 1952 were initiated because of the need for improvement in the fleet to be in combat readiness for whatever situation might develop as the result of the current international situation. That pertains to the components that we are asking for under this appropriation in this subproject for 1953.

IMPROVED SHIP COMPONENTS

We are aiming still to improve the ships as regards their combat readiness, and other aspects. I would like to read off some of the items of components which we are including in this program.

Mr. SHEPPARD. Give us a few.

Admiral WALLIN. Automatic depth keeping equipment for submarines, $2,200,000.

Kits, to modify existing dead reckoning (navigational) equipment, in high-latitude operations, $1,700,000.

Improved underwater log systems for carriers, submarines, and auxiliary vessels, $1,700,000.

Automatic shut-off valves for fuel-oil burners, an item of safety, $1,000,000.

Shaft-driven lube oil service pumps for carriers, destroyers, and related types, $1,225,000.

Mr. SHEPPARD. What is new about the procedure of components presented here as compared to the procedure that you have followed heretofore, if anything?

Admiral WALLIN. I know of nothing new.

Mr. SHEPPARD. Are the mathematics by which you have arrived at the estimate of $11,587,000 the same as you have used heretofore?

Admiral WALLIN. Yes.

Mr. SHEPPARD. In detail?

Admiral WALLIN. Yes. We have arrived at our figures by consideration of individual items.

Mr. SHEPPARD. And you have the individual items classified and they are all a part of the files in your office; is that correct?

Admiral WALLIN. That is correct. We have some of them with us.

Mr. SHEPPARD. The additional requirements that are not here are available in your office?

Admiral WALLIN. They are.

ALTERATIONS AND MIP, ALTERATIONS AND ARMING OF NONCOMMISSIONED MILITARY SEA TRANSPORTATION SERVICE VESSELS

Mr. SHEPPARD. We will proceed to the next item, 1–B (4), alteration and MIP, alteration and arming of noncommissioned Military Sea Transportation Service vessels.

You are making a request in your 1953 estimate of $30,133,000. Your estimate for 1952 was $42,030,000. This shows a decrease of $11,897,000.

We will insert into the record the justification appearing on page 10–14.

(The justification referred to is as follows:)

Work involved has been assumed to be accomplished by commercial shipyards with minor naval shipyard assistance and technical guidance as may be necessary. It is assumed that ships will remain civilian manned but where armament installations are involved, navy armed guard crews will be placed aboard. The following table specifically enumerates the items involved and the funding requirements anticipated:

3-inch-50 armament on 2 independent ships	$4, 854, 000
Modification of 2 cargo ships for heavy lift	2, 000, 000
Meccano decking for 3 tankers	300, 000
Troop lift and concurrent safety-at-sea alterations on 13 MSTS ships	14, 829, 000
Safety-at-sea alterations on 10 MSTS ships	5, 000, 000
Procurement and installation of electronic search radars on MSTS noncommissioned ships	1, 750, 000
Increase in stock levels of Bureau of Ships special material to support MSTS operating requirements	1, 400, 000
Total	30, 133, 000

Mr. SHEPPARD. You will proceed to make any comments that you care to.

Admiral WALLIN. The vessels in the Military Sea Transportation Service are kept in an improved status through this budget. Some of the items involved are found on page 10–14.

Mr. SHEPPARD. I find there "Troop lift and concurrent safety-at-sea alterations on 13 MSTS ships, $14,829,000." Give us the reasons for that requirement.

Admiral WALLIN. That is to equip the vessels for transport involving bunks, improved ventilation and feeding arrangements adequate so that those vessels can be used for the transport of troops.

Mr. SHEPPARD. I find a counter item, "Safety-at-sea alterations on 10 MSTS ships, $5,000,000." If it is all done on MSTS ships, why do I find it in two items? Why is it not in one?

Admiral WALLIN. Those are different ships, sir.

Mr. SHEPPARD. Requiring different estimates?

Admiral WALLIN. Yes.

Mr. SHEPPARD. Give us the reason for the $5,000,000 requirement in that category.

INTERNATIONAL SAFETY STANDARDS

Admiral WALLIN. That has to do primarily with meeting the international standards regarding safety of life at sea. For instance, if any of the ships that are available are one compartment standard, which means if more than one compartment is flooded due to collision, or damage, the ship would flounder or capsize. The means of im-

proving it is to improve the bulkheading, so instead of a one-compartment standard we arrive at a two-compartment, or in some cases a three-compartment standard.

Mr. SHEPPARD. In other words, it is an internal revision required under the safety act of the international agreement; is that correct?

Admiral WALLIN. That is correct, substantially, but we are not doing it to live up to the international agreement. We are doing it to protect our own troops because the international agreement does not apply to the military. It applies to commercial practices.

Mr. SHEPPARD. Refer to your $4,854,000 item, where you show an item of 3-inch-50 armament on two independent ships.

Captain SEABRING. That is to cover the armament for ships of sufficient speed to operate without convoy protection, and it is necessary, or desirable, that they have 3-inch-50 armament in order to protect themselves against raiders.

Mr. SHEPPARD. In other words, it is made necessary because of the type of service that they will be subjected to; that is, exposure over and above what you would normally expect under present operating conditions?

Captain SEABRING. That is my understanding.

SPARE PART SUPPLY LEVELS

Mr. WIGGLESWORTH. What do you mean by increase in stock levels of Bureau of Ships special materials to support MSTS operating requirements?

Captain SEABRING. We are responsible in the Bureau of Ships for spare part supply to certain MSTS vessels. In order to have parts on hand for these ships which are peculiar to them and which do not apply to our regular naval ships, it is necessary to have certain back-up material on hand in order to supply their requirements when the occasion demands, sir.

Mr. WIGGLESWORTH. What is the status of that stock level now?

Captain SEABRING. That is reflected in our over-all total of spare parts, and is not broken down as such, in our stock levels, sir.

Mr. WIGGLESWORTH. How do you know that you need $1,400,000?

Captain SEABRING. That is the best estimate based upon past performance.

Mr. WIGGLESWORTH. How can you bring that out if the amount on hand is not broken out?

Captain SEABRING. The deliveries are merged with all incoming stock and have a common issue point, sir. They are not segregated once they are procured, sir.

Mr. WIGGLESWORTH. You have not yet given me any justification for this figure of $1,400,000 except to say that it is the best estimate.

Admiral WALLIN. The stock is common with Navy stock, but the estimated requirement for MSTS is based on experience and issues out of that common stock.

Mr. WIGGLESWORTH. What is that experience?

Admiral WALLIN. We will have to furnish that for the record. We do not have it with us.

Mr. WIGGLESWORTH. You must have arrived at this figure by some manner or the other, or else it is a figure that is arrived at by curbstone guess.

Admiral WALLIN. I think that the estimate is well founded.

Mr. WIGGLESWORTH. Upon what basis? You do not know the basis?

Admiral WALLIN. On issues, previous issue experience.

Mr. SHEPPARD. You mean stock issue experience?

Admiral WALLIN. From stock; yes.

Mr. WIGGLESWORTH. What has that been?

Admiral WALLIN. We do not have the figures with us. We will have to furnish them.

Mr. WIGGLESWORTH. I wish that you would furnish for the record what the stock level of ships special material to support MSTS operating requirements is now and what it was June 30, 1951, and what it was June 30, 1950.

(The following was supplied:)

No separate stock of Bureau of Ships special material was established for exclusive use of MSTS during the fiscal years 1950, 1951, and 1952. However, issues of Bureau of Ships special material for MSTS have averaged approximately $1,500,000 per year.

What do you mean by meccano decking?

Admiral WALLIN. Meccano decking is an aluminum structural arrangement whereby tankers can carry on their decks for transport abroad, aircraft being transferred to other operating areas, or for other countries.

SUPPLIES AND EQUIPAGE

Mr. SHEPPARD. All right, gentlemen, we will pick up project No. 1C, supplies and equipage, for which your estimate for 1953 is $54,000,000. Your estimate for 1952 was $59,216,800, which reflects a decrease of $5,216,800.

Admiral WALLIN. Funds herein requested will provide these supplies, equipage, and service in sufficient quantities to serve the 1,192 ships of the active fleet and to outfit the ships that will be added to the fleet from new construction and conversion in fiscal year 1953. Due to deterioration over a period of years much of the equipage aboard the ships must now be replaced. For example, the protective clothing now carried aboard the ships has been in constant use since 1945 and is now low in utility. Also, there is not sufficient quantity of this clothing on board ships in the fleet for each man to have an outfit. Attempts have been made to establish depots to supply the ships, going to forward areas, with this clothing which would later be returned to the depot when the ship leaves the forward area. This attempt has been impracticable since many of the ships do not return by the same route. Many of the ships are still using old and outmoded kapok life jackets. These jackets have also deteriorated to a danger point and must be replaced with the newer and more serviceable, but more expensive, splun-glass-type life jackets. Replacement of these and many other items has been delayed due to the shortage of funds in recent years. The full allowance (authorized inventory) of equipage must be maintained on each ship in order for the Navy to be at the highest attainable degree of combat readiness.

Mr. SHEPPARD. I find in the purpose and scope of work the following language:

The supplies and equipage consists of such items as soap, mops, brooms, cleaning rags, bedding, mattresses, and other items of a similar nature. They also

consist of office machines and office supplies, lubricating oils and greases for the operating machines, paints and other preservatives.

I also find this reflected in your justification:

Funds herein requested will provide these supplies, equipage, and service in sufficient quantities to serve the 1,192 ships of the active fleet and to outfit the ships that will be added to the fleet from new construction and conversion in fiscal year 1953.

Reflected on page 10–16 is a supplemental table of program content, which is broken down into eight categories, in which in the last category, to wit, outfitting of activated ships, there is no request for funds in the year 1953.

ALLOTMENTS TO SHIPS

It appears here that your largest item of expenditure request, as represented for 1953, is allotments to ships, which is reflected in the sum of $38,868,300.

I am wondering, because of the size of that part of the estimate for 1953 if you will indicate the factors necessary for that increase?

Admiral WALLIN. There are two factors involved there, Mr. Chairman. One of them is the increased size of the fleet for 1953 as compared to 1952.

The second is the replacement of items of equipment which have worn out, as indicated in the justifications on page 10–15, which was made a matter of record.

The answer to that has been that we have gotten along pretty well with what the ships had at the end of World War II, and a lot of that material is wearing out and has to be replaced.

Mr. SHEPPARD. In other words, you have been, to some degree, living upon your past experience?

Admiral WALLIN. That is correct.

Mr. SHEPPARD. How many new ships will come from new construction or conversion in 1953 as compared to the current year, and generally what types?

Admiral WALLIN. We have a breakdown of that which Captain Seabring will relate.

Mr. SHEPPARD. Very well.

Captain SEABRING. Off the record.

(Discussion off the record.)

Mr. SHEPPARD. Has this dollar quotation in your 1953 estimate been based upon your factors that go into this type of work back from your files on up, and brought to this conclusion?

Admiral WALLIN. Yes, sir.

Mr. SHEPPARD. Do you have supporting data in your office for any and all details pertaining to this requirement in this total figure of $54,000,000?

Admiral WALLIN. Yes, sir, we have that in our office. We can furnish the committee whatever they desire on that, and we can furnish some information here now.

Mr. SHEPPARD. What is the status of this particular presentation and request that might be different from the procedures which have been followed heretofore in your appropriations presentations?

Admiral WALLIN. I believe that there are no differences, Mr. Chairman.

STOCK MATERIAL FOR REPAIR SHIPS

Mr. SHEPPARD. Your next item reflected as a rather sizable one is "Stock material for repair ships", in which the figure requested for 1953 is $7,030,800.

Now, I presume that this repair aspect as set forth in your total obviously does not apply to and is not a part of the repair program on which we interrogated you gentlemen this morning?

Admiral WALLIN. No, sir, this repair work is self-maintenance by the forces afloat, material for their use.

Mr. SHEPPARD. In other words, you do have in operation certain ships that do heavy repair work that is not done on board a ship that needs repair work done on it itself?

Admiral WALLIN. Yes, sir. I would not call it heavy repair work. I would call it intermediate repair work.

Mr. SHEPPARD. Then, this is the type of stock material that is going on these repair ships which function in the intermediate repair category?

Admiral WALLIN. That is correct, sir.

Mr. SHEPPARD. Well, this estimate is 1 million plus what it was in 1952. What is your explanation for that?

Admiral WALLIN. That is due to the enlarged fleet and the fact that we have reactivated several repair ships and tenders which we will either let you know about now, or make a matter of record, plus the increased cost of material which has occurred during the past year.

Mr. SHEPPARD. Now, have all of the other supplies set forth in your last column on page 10–16, which is the breakdown, of course, of your supplemental requirements for the total that we have referred to, had the same scrutiny, and are they in the same status proportionately speaking, as the subject matter I have already inquired into, to wit, as part of the supplies that appear in your breakdown, allotments to ships, stock material for repair ships, and so forth?

Admiral WALLIN. I would say generally, Mr. Chairman.

NUMBER OF SHIPS IN MOTH-BALL FLEET

Mr. WIGGLESWORTH. Referring to page 10–16 of the justifications, the first item, you have just told us that you expect 122 new ships by the construction route and 63 by the conversion route. That is a total of 185 ships.

Admiral WALLIN. Yes, sir.

Mr. WIGGLESWORTH. How many ships are you putting into the moth-ball fleet against that number?

Admiral WALLIN. We are putting in 105, I believe. The balance will not go into the reserve fleet. Those that will go out of commission will be handled otherwise, some of them stricken from the Navy Register, perhaps, and some of them possibly sold.

Mr. WIGGLESWORTH. 105 from 185 leaves 80, and if you add that to the 1,103 that you told us was the average figure for 1952 that would give 1,183 and not 1,192. Which figure is correct?

Admiral WALLIN. 1,192 is the correct figure for the number of ships that will be in the active fleet in 1953.

Mr. WIGGLESWORTH. I do not know anything about it, but mathematically, I would say that would mean that you were going to put 96 ships into the moth-ball fleet, and not 105; is that right?

Admiral WALLIN. No, sir, that is not right. One hundred and five will go in, but the difference there, Mr. Wigglesworth, I believe, is explained by the fact that some of those vessels coming out of the active fleet will not be inactivated and go into the moth-ball fleet, but be otherwise handled, including disposals.

We have now, for instance, minesweepers that are obsolescent, and not satisfactory for the intended purpose, and I believe that a considerable number of them will be scrapped or sold.

Mr. WIGGLESWORTH. Well, the point I am making is that if you are adding 185 and you are deducting 105 then that should increase your average strength by 80, and you told us this morning it was going to increase 89.

Admiral WALLIN. I do not place that figure of 89.

Mr. WIGGLESWORTH. That is the difference between 1,192 and 1,103.

Admiral WALLIN. Oh, I see where it comes from but I do not believe that I dealt with that figure, Mr. Wigglesworth.

Mr. WIGGLESWORTH. You told us, as I understood it, that the over-all figure for 1953 was 1,192 compared with an average of 1,103 vessels for 1952, both figures appearing in your opening statement on page 10–H.

Admiral WALLIN. That is correct, yes, sir. I think that is explained by the fact that some of these will not go into the moth-ball fleet, but come out of the fleet and be decommissioned and disposed of, you know.

Captain HOFFHEINS. Just listening to the conversation here and the answer to the question, I noticed that MSB's were included in that total. They are not considered naval vessels, but boats, and they are only 53 feet long. While they are new construction they should not be included in the fleet total.

Mr. WIGGLESWORTH. Are they included in the 1,192?

Captain HOFFHEINS. No, sir.

Mr. WIGGLESWORTH. Are they included in the 105?

Captain HOFFHEINS. No, sir.

Mr. WIGGLESWORTH. Then, how are they material to the question that I am raising?

Captain HOFFHEINS. They were included in Admiral Wallin's total.

Admiral WALLIN. They are included in the total number of ships that will be completed in the fiscal year 1953, 185, but that does not answer your question, Mr. Wigglesworth, regarding reconciling the figures on the ships going into the fleet, as compared to those going into the moth-ball fleet. There are some still that will not go into the moth-ball fleet that will be disposed of. Those figures cannot be reconciled, I believe.

Mr. WIGGLESWORTH. That will make the discrepancy even larger.

Admiral WALLIN. Pardon me.

Mr. WIGGLESWORTH. That would make the discrepancy even larger. If I understand you, you are going to put 105 into the moth-ball fleet, and you are going to dispose of some more. Then your net increase will be less than 80, whereas the increase you gave us this morning was 89.

Admiral WALLIN. That was from 1952 to the beginning of 1953. There will be no increase in the active fleet during 1953, net, no net increase. We start with 1,192 and end with 1,192.

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Mr. WIGGLESWORTH. Therefore, you must dispose of as many boats as you receive new construction and conversion.

Admiral WALLIN. That is correct, but part of them will go into the reserve fleet, or will be disposed of otherwise. The obsolescent vessels will be disposed of, at least that is the program.

Mr. WIGGLESWORTH. Then what is the increase that you base this $38,000,000 figure on?

Admiral WALLIN. That is 1952 as compared to 1953.

Mr. WIGGLESWORTH. That is right.

Admiral WALLIN. We have an average of 1,103 vessels in 1952 and 1,192 vessels in 1953, which is, as you indicate, an increase of 89 between the two fiscal years.

Mr. WIGGLESWORTH. And all this new construction or conversion is washed out, either by other ships going into the moth-ball fleet or by transfer to the reserve?

Admiral WALLIN. That is the intent; yes, sir.

Mr. WIGGLESWORTH. What you have really done in your first item is to figure that 89 represents about an 8-percent increase in ships, so you better make application for an 8-percent increase in this item?

ALLOTMENTS FOR CONSUMABLE ITEMS

Admiral WALLIN. That is not quite right. That is approximately right, but the fact is that every ship has a specific allotment, depending on the size and the type of the ship itself. They have quarterly allotments which are additive, and that is the way the figures come out.

Mr. WIGGLESWORTH. They must vary very much, depending on whether the ship has been in action or whether it is one of these new ships from construction or conversion; do they not?

Admiral WALLIN. No, sir, because this is consumable material used by the crew aboard ship.

Mr. WIGGLESWORTH. Is this item 100-percent consumable?

Admiral WALLIN. No, I would say not entirely consumable.

Mr. WIGGLESWORTH. You do not have to replace it 100 percent every year, do you?

Admiral WALLIN. Equipage is not consumable, but the funds provided for allotments to ships, which is the first item on page 10–16 are consumable items.

Mr. WIGGLESWORTH. But it is a fact, is it not, that if you get a new ship and shove an old one into the moth-ball fleet, that the number of dollars required for this purpose for the new ship would be more than the number that would be required for a ship that has been in operation, and that you are going to continue in operation?

Admiral WALLIN. Not for the first item on there, allotments to ships, Mr. Wigglesworth. Maybe I misunderstand what item you refer to.

Mr. WIGGLESWORTH. Do you mean to say to the committee that the $38,000,000 is something that will be consumed, that has to be replaced every year?

Admiral WALLIN. Yes, sir.

Mr. WIGGLESWORTH. In full?

Admiral WALLIN. That is a continuing expense for consumable items such as lumber, paint, pipe material, piping material, bolts, nuts, living accommodations, paper, soap, and stationery.

Mr. WIGGLESWORTH. What I am asking you is do you know that it is all consumed, or do you just make this allotment anyway as a general principle that each year they ought to have so much?

Admiral WALLIN. No, the quarterly allotments are well worked out, and actually what we find is that the people aboard a ship feel that they are too low. They always run out before the quarterly allotment as a rule, and ask for additional allotments.

Mr. WIGGLESWORTH. Your office checks that matter to be sure that there is actually consumption or replacement?

Admiral WALLIN. No; we do not check it in detail. We take the opinion of the type commanders for that situation.

Mr. WIGGLESWORTH. Ship by ship?

Admiral WALLIN. He does ship by ship. The type commander has a running record of how his ships stand on allotments.

Mr. WIGGLESWORTH. For every ship?

Admiral WALLIN. Yes, sir; every ship under his command.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Mr. WIGGLESWORTH. Now, if you have an 8 percent increase in your number of ships, why do you need a 16 percent increase for stock material for repair ships?

Admiral WALLIN. What is that question?

INCREASE IN STOCK MATERIAL FOR REPAIR SHIPS

Mr. WIGGLESWORTH. In the second item you are asking for a 16 percent increase while the number of ships has increased 8 percent. Why do you need 16 percent more material there?

Admiral WALLIN. For two reasons. One of them is the increased cost of material which has been considerable in the past year.

Mr. WIGGLESWORTH. How much?

Admiral WALLIN. I would say around 15 percent; I would not say any less than that.

The other one is that we have been living on velvet pretty much in the case of many of these materials. In the consumable category it is primarily a matter of the increased cost of material.

Mr. WIGGLESWORTH. Which is about 15 percent.

Admiral WALLIN. We are asking for about 8 percent due to that cause.

Mr. WIGGLESWORTH. Sixteen percent, is it not?

Admiral WALLIN. Yes, but 8 percent is the increased size of the fleet, so the other 8 percent would apply to the increased cost of materials.

FLAG ALLOTMENTS

Mr. WIGGLESWORTH. What do you mean by flag allotments?

Admiral WALLIN. Flag allotments are allotments of funds to the commands afloat to maintain them, and provide the equipment they require and to finance fleet exercises, including amphibious exercises which are handled in conjunction with the Marine Corps and the Army.

Mr. WIGGLESWORTH. They are consumed annually?

Admiral WALLIN. Yes, sir.

Mr. WIGGLESWORTH. In full?

Admiral WALLIN. Yes, sir.

MILITARY SUPPLIES FOR MSTS SHIPS

Mr. WIGGLESWORTH. What is that item, "military supplies for MSTS ships", $1,000,000, showing about a 33 percent increase?

Admiral WALLIN. Those are materials which are over and above the requirements of commercial use, having to do with military necessities on those ships. For instance, they act as transports and carry our troops, and require, as an example, additional life-saving equipment, such as life jackets and life rafts when on that duty. Also in there is reflected the increased amount of transportation which MSTS is furnishing.

Mr. WIGGLESWORTH. I notice that you got along without any funds in 1951.

Admiral WALLIN. Well, MSTS was instituted——

Mr. WIGGLESWORTH (interposing). In 1952?

Admiral WALLIN. I think in 1950. It is a new organization anyhow, Mr. Wigglesworth, and we did not budget for it in this program in 1951.

Mr. WIGGLESWORTH. That is all.

SALVAGE

Mr. SHEPPARD. All right, gentlemen, we will pick up the next project 1D, "Salvage," which is reflected at the bottom of page 10–16. Your request for 1953 is $750,000. Your estimate for 1952 was $1,018,200, which reflects a decrease of $268,200.

Admiral WALLIN. The funding requirement is based upon (*a*) continuance of contracts for salvage services as authorized by Public Law 513, Eightieth Congress, (*b*) performance of salvage operations by naval commanders having salvage facilities under their control, and (*c*) procurement to supply equipment as necessary to vessels, emergency ship salvage equipment pools, bases, and depots. There are 20 salvage vessels and 3 salvage lifting ships that have full allowances of salvage gear, while many other vessels carry a limited amount. There are seven emergency ship salvage equipment pools, having stocks of ship salvage and diving equipment maintained for emergency issue. Much of this gear is used and returned to stock when a salvage operation is completed. There are four shipyards that stock submarine salvage equipment. In addition, these funds provide for the procurement and issue of certain equipment for underwater demolition teams. These funds also provide for the maintenance and repair of equipment stowed at the pools, bases, depots, and so forth, which must be maintained in a good state of repair in order to be available on very short notice.

Mr. SHEPPARD. I do not see a chronological breakdown of the $750,000, so you will proceed with it, Admiral.

Admiral WALLIN. Fortunately we have had very little requirement for salvage, as such, during the fiscal year thus far. However, we maintain for ready operation a considerable salvage organization with equipment for the Navy, primarily because of the fact that adequate salvage facilities commercially are not readily available. In order to do this we have 20 salvage vessels and 3 lift ships which must be equipped with salvage gear.

They have exercises whenever the opportunity affords in connection with the salvage work.

At the present time, and as a matter of interest, off the record.

(Discussion off the record.)

Mr. SHEPPARD. When you are operating a salvage team or teams within the harbor of another nation, is that part of Navy's duty to do that, or are you doing it because of the training aspect involved?

Admiral WALLIN. Primarily because it is our duty. We were requested to clear that harbor and, incidentally, it furnishes training for our people.

UNDERWATER DEMOLITION TEAMS

Mr. SHEPPARD. I notice further reflected in your justifications on page 10–17 that you supply certain equipment for underwater demolition teams. Either off the record or on the record, what particular type of equipment is involved in this, a rather hazardous occupation?

Admiral WALLIN. Well, the demolition teams utilize quite a bit of equipment, including clothing and servicing for the teams, in addition to swimming suits, and so forth, plus the techniques necessary for their work. They do not constitute a very great part of this program, but they are very important.

Mr. SHEPPARD. I would assume that the technique that they have to apply and the appurtenances that they have to use to effectuate the jobs that they are assigned to accomplish would be a type of equipment that had to be pretty carefully scrutinized and carefully applied?

Admiral WALLIN. That is true.

Mr. SHEPPARD. There is an element of hazard that is involved in connection with that function; is there not?

Admiral WALLIN. Yes, very great hazard.

Mr. SHEPPARD. Do you have any questions pertaining to this item, Mr. Fernandez?

SALVAGE OPERATIONS

Mr. FERNANDEZ. How do you go about salvaging a ship, such as the one you mentioned a while ago? Do you raise it to make it float again, or how do you do it?

Admiral WALLIN. That will be our purpose in that case, Mr. Fernandez. The usual endeavor in a salvage job is to use the floatability that is still within the ship. Although it is possibly flooded buoyancy is there if the damage can be isolated. In this case the vessel has capsized. She lies on her side at about 150 degrees, and the first endeavor will be to plant what might be called dead men ashore to heave on first one end, and then on the other end of the ship to bring it into some shallow water and then to replace attachments to the ship to what we call a bar buckling operation to right it and endeavor to turn her upright. I might say we will try to use compressed air to force out the water and to gain buoyancy and lighten the load on the bottom, so she will pull easier. We always use compressed air when we can to force the water out.

When we get her upright we will use divers both inside and outside for the purpose of making temporary repairs, and then we will put in massive pumps to remove the water from her, and then men will go down and improve the repairs previously made and she will gradually gain buoyancy.

Mr. FERNANDEZ. You should be an expert in this field, Admiral. You salvaged the Pearl Harbor ships, did you not?

Admiral WALLIN. Yes, sir; I had charge of the salvage in Pearl Harbor.

Mr. FERNANDEZ. Will you tell us about that?

Admiral WALLIN. That is a long story.

Generally speaking, what we found at Pearl Harbor was that ships will float if given the opportunity. Many devious ways are employed to give them the opportunity to float that is, to shut off the temporary damage, to close the water tight doors, to repair the damaged bulkheads by using temporary patches, and using powerful pumps. If you once get charge of the water, if you can move the water out faster than it can run in you have the job licked, because you can send men down to find the approaches, or where it is coming in and gradually stop it off.

SALVAGE SERVICE CONTRACTS

Mr. WIGGLESWORTH. In justifying this fund on page 10–16, you refer to the continuance of contracts for salvage services authorized by Public Law 513 of the Eightieth Congress.

What are those contracts?

Admiral WALLIN. It is a contract with Merrett Chapman. I can give it to you at this moment. There are in existence at this time three contracts for salvage service. Two of the contracts provide for salvage assistance, when needed, one on the east coast with Merrett, Chapman & Scott and one in the Philippines with Luzon Stevedore Corp. Unless actual salvage assistance is rendered, they cost the Government nothing; should assistance be required, they may cost far in excess of the estimated amount.

The contract for west coast salvage service is a cost plus fixed fee type of contract with Merritt-Chapman & Scott.

Mr. WIGGLESWORTH. Cost plus a fixed fee?

Admiral WALLIN. Yes.

Mr. WIGGLESWORTH. In the event that salvage is necessary?

Admiral WALLIN. Yes. We have not employed Merritt-Chapman & Scott on the east coast nor Luzon Stevedore Corp. in the Philippines to any great extent for salvage work for 4 or 5 years at best. Salvage work in those areas has been accomplished by the Navy in recent years.

Mr. WIGGLESWORTH. So this particular figure is really based upon estimated work by the Navy?

Admiral WALLIN. Yes, except for contract work done by Merritt-Chapman & Scott on the west coast.

Mr. WIGGLESWORTH. And is not under contract?

Admiral WALLIN. That is right except for the contract work previously referred to.

Mr. WIGGLESWORTH. What will the $750,000 do?

Admiral WALLIN. In addition to the items that I mentioned, the equipment has to be continuously overhauled, added to, weeded out, improved. We have the submarine salvage problem which is a very important one, and fortunately we have not had any need for that in recent years, but we maintain submarine salvage pontoons at critical points on each coast for the purpose of lifting a submarine in case it should fail to rise to the surface. They have to be maintained, tested and checked and be always ready to go.

Mr. WIGGLESWORTH. Is this a personnel item or a procurement item, or a maintenance item, or an operation item?

Admiral WALLIN. It is not an operation item. It could be an operation item in case we got into a salvage job.

Mr. WIGGLESWORTH. What is it based upon?

Admiral WALLIN. Basically, it is a material item which would be the procurement of material and maintenance of material, keeping up to date the material and weeding out old material to be ready like a fire department to answer any call.

Mr. WIGGLESWORTH. Is there any personnel involved in here?

Admiral WALLIN. No, sir.

Mr. WIGGLESWORTH. How many of these places are there to maintain?

Admiral WALLIN. Our main salvage depot is in San Diego, Calif We have 20 salvage vessels and 3 salvage lifting ships in the fleet.

OBLIGATIONS

Mr. WIGGLESWORTH. What are your obligations as of December 31 for this item?

Mr. ALFORD. Obligations and commitments as of January 31, approximately $880,000.

Mr. WIGGLESWORTH. How much of that was procurement of new material?

Admiral WALLIN. The great bulk of it is procurement. We do not have it split here, but the bulk would be procurement.

Mr. WIGGLESWORTH. Will you furnish that figure for the record, please, when you revise your remarks?

Mr. ALFORD. Yes.

(The requested information is as follows:)

$320,000 of the $880,000 obligated and committed as of January 31, 1952, is for the procurement of new material.

Mr. WIGGLESWORTH. Is the great bulk of this $750,000 also for procurement?

Admiral WALLIN. We anticipate so; yes.

Mr. WIGGLESWORTH. Have you not received in large measure the material that you need now without buying a lot of new material?

Admiral WALLIN. Like everything else, this is subject to continuous change and improvement. Material deteriorates and wears out and has to be replaced. It has to be maintained first and replaced eventually.

Mr. WIGGLESWORTH. Just break down this item when you revise your remarks and show what it is going to cover (a) in terms of replacement and (b) in terms of procurement.

Admiral WALLIN. Yes.

(The material referred to is as follows:)

Summary of funds requested for salvage in 1953

Procurement of equipment	$340,000
Salvage contracts	275,000
Maintenance and repair of equipment	135,000
Total funds requested for salvage in 1953	750,000

CHARTER AND HIRE

Mr. SHEPPARD. We will take up the next project, 1–E, "Charter and hire."

Your 1953 estimate is $4,810,000. In 1952 it was $4,883,200. This reflects a decrease of $73,200.

We will insert the justification of funds requested at this point.

The program objective is to support fleet operations and the Naval Establishment in respect to charter and hire of tugs and other type vessels as described above. The charter of Military Sea Transportation Service vessels represents a financial responsibility which was recently transferred from the appropriation "Service-wide operations" to the appropriation "Ships and facilities, Navy."

HIRE OF TUG ASSISTANCE

Mr. SHEPPARD. With reference to the breakdown on page 10–18, let us take up the first item, "Hire of tug assistance."

You are asking for $400,000. The same figure appears for 1952. How does it happen that they come out the same?

Admiral WALLIN. As of January 31, obligations and commitments against the 1952 amount of $4,883,200 is $2,202,000.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Admiral WALLIN. We will put that into the record at this point.

(The requested information is as follows:)

The increase for "Hire of tug assistance" of approximately $107,000 in fiscal year 1952 over fiscal year 1951 results from a proportionate increase in the number of ships and the increased operation of active fleet. The funds requested for fiscal year 1953 were based on the assumption that fleet operations would remain constant.

SCAJAP OPERATIONS

Mr. SHEPPARD. Take up the next operation, SCAJAP operation.

Admiral WALLIN. That is Japan. There is a bit of an increase there because with the new set-up in Japan we will have to spend more money to pay for services that we get from the Japanese.

Mr. SHEPPARD. What is the scope of the operation in that field?

Admiral WALLIN. The fleet basing on Japan does not have services like the fleet basing in our continental ports in the way of tugs, lighters, and that sort of thing. We have not taken those over to Japan. The result is that we have to hire them from the Japanese and this pays for it.

Mr. SHEPPARD. Instead of going to the expense of transporting our own stuff to that area of operation we are doing it on a local scale?

Admiral WALLIN. Yes.

Mr. SHEPPARD. Do you find that the local scale operation is costing you more money or less money?

Admiral WALLIN. Considerably less money. There is no question about it.

MSTS REIMBURSEMENTS

Mr. SHEPPARD. Your next item is MSTS reimbursements.

Admiral WALLIN. The MSTS is an operation which is supported by the cost of its service to its customers. It has a revolving fund

called the industrial fund. They bill their customers for services rendered and in that way their operations are self-supporting. This is the estimated services which will be rendered to the Navy for which the MSTS will have to be reimbursed.

Maintenance and Preservation of Reserve Fleet

Mr. Sheppard. We will take up the next activity reflected on page 10–19, budget activity No. 2, "Maintenance and preservation of the Reserve Fleet."

This is broken down into two specific categories, three portions in the first and four in the second.

Your total request under this heading for 1953 is $83,281,000. In 1952 it was $58,002,500. This reflects an increase of $25,278,500.

We will insert the table on page 10–19.

(The table referred to is as follows:)

Budget Activity No. 2.—*Maintenance and preservation of reserve fleet*

No.	Project	1951 actual	1952 estimate	1953 estimate
2A	Repair of ships:			
2A (1)	Labor and NSA material	$28, 184, 483	$40, 784, 700	$34, 353, 000
2A (2)	Components	539, 852	3, 083, 800	8, 000, 000
2A (3)	Repair parts	1, 500, 000	4, 620, 000	3, 418, 000
2B	Alterations and MIP:			
2B (1)	Labor and NSA material	4, 341, 246	3, 298, 300	9, 340, 000
2B (2)	Components	1, 270, 750	1, 540, 000	3, 274, 000
2C	Supplies and equipage	3, 186, 713	3, 781, 400	3, 750, 000
2D	Inactivation	792, 434	894, 300	21, 146, 000
	Total direct obligations	39, 815, 478	58, 002, 500	83, 281, 000

UNEXPENDED BALANCE

The unexpended balance under "Activity 2. Maintenance and preservation of reserve fleet on December 31, 1951," was $46,691,763.

REPAIR OF SHIPS, LABOR AND NSA MATERIAL

Mr. Sheppard. Your estimate for 1953 is $34,353,000. In 1952 it was $40,784,700. This reflects a decrease of $6,431,700.

We will insert the justifications at this point.

The broad program objective is to maintain the reserve fleet vessels in such a state of material readiness as to permit their timely activation in event of mobilization. The principal facets of this broad program are discussed below.

1. Continuation of the quinquennial overhaul program on a "not to interfere with active fleet work" basis. On a 5-year cycle, vessels are put into a shipyard for limited repairs and restoration of preservation. The repairs are necessary because, at the end of World War II, these vessels were inactivated without first repairing the machinery. It is planned to overhaul approximately 17 percent (262 ships) of the reserve-fleet vessels during fiscal year 1953.

2. Continuation of the periodic drydocking program. This program involves repairs to and represervation of the underwater body of the vessels on a 5- to 6-year cycle for each ship. This program is coordinated with the quinquennial overhaul program.

3. The program for maintenance of reserve fleet vessels by military personnel assigned to the reserve fleet will be continued. While other appropriations provide for the salaries of these personnel, and project 2–C provides their small tools and supplies, this subproject provides funds for industrial assistance on jobs beyond their capacity (from the standpoint of facilities and manpower) to accomplish

such work as emergency drydockings, crane service and emergency repairs of a "heavy" nature.

4. Maintenance and preservation of reserve service craft assigned to naval district commandants will be continued.

RESERVE FLEET OVERHAUL, PRIVATE SHIPYARDS

Mr. SHEPPARD. We will turn to page 10-21, where you show a breakdown. Your first item has to do with your reserve fleet overhaul, private shipyards. Your estimate for 1953 is $20,270,000. For 1952 it was $15,906,000. This shows an increase in your operation.

Admiral WALLIN. The maintenance of the reserve fleet involves the overhaul of 262 ships during the fiscal year 1953, which is 17 percent of the total of the reserve fleet. It will be noticed that the chief difference between the 1952 and 1953 budgets is the item of 2-D, inactivation where we are asking for $21,146,000 in 1953 as compared with $894,300 in 1952. That is because of the large number of inactivations of active fleet vessels to go into the reserve fleet in the fiscal year 1953, as they are replaced by new construction or converted vessels, as was discussed here awhile ago. The total number to be inactivated is 105.

Mr. SHEPPARD. This reserve fleet overhaul is in private shipyards in the amount of $20,270,000?

Admiral WALLIN. That is correct. We are trying to assign to private shipyards a fair proportion of this kind of work, and many of the vessels of the reserve fleet for their quinquennial overhauls, and possibly in some cases, drydocking will be done in private shipyards.

Mr. SHEPPARD. Are you finding, as to private shipyards, that you get a competitive situation that makes it a sound practice for you to pursue?

Admiral WALLIN. I believe so, Mr. Chairman. We have endeavored to put it on a strictly competitive basis. It takes quite some time to do that because of the fact that we have to write specifications covering the work in considerable detail as a basis for adequate bids, but that is being accomplished.

Mr. SHEPPARD. And I assume in an overhaul job you are confronted with more detailed investigations in order to assemble your facts for bidding purposes than you would be for a new ship operation.

Admiral WALLIN. Not for construction.

Mr. SHEPPARD. I mean for construction purposes.

Admiral WALLIN. We would have considerably more in the way of information, detailed plans and specifications, for the construction of a new ship.

Mr. SHEPPARD. I grant you that would be true in volume, but when it comes to determining the factors of overhaul against the establishment of a concept of construction, they will not be in the same category of analysis.

Admiral WALLIN. They are not.

Mr. SHEPPARD. You will get a report like a work sheet which will indicate the operational experience and what has to be taken care of when that ship is docked for overhaul purposes. Now, you will go into certain aspects of the overhaul, and when you get in there you will find additional factors that did not appear on the surface.

Admiral WALLIN. That is right.

RESERVE FLEET OVERHAUL, NAVAL SHIPYARDS

Mr. SHEPPARD. With reference to your next item, the "Reserve fleet overhaul, naval shipyards," your estimate for 1953 is $7,612,000 against $13,843,000 in 1952. You have already stated the reason for your overhauls going into private shipyards rather than naval shipyards. What particular factors are you being confronted with in naval shipyards that are giving you trouble, if any?

Admiral WALLIN. We are not having any trouble whatever. What we are trying to do is two thing: first, to avoid unduly building up the naval shipyards, the Government shipyards, and then possibly having to let a lot of people go. On the other hand, we are trying to build up the private shipyards because they are as important to national defense as the naval shipyards.

Mr. SHEPPARD. Through this procedure, I assume, you are doing what you consider you can do to keep business in the hands of private enterprise in order to keep the business economically healthy for the purpose of having their yards available to the Navy in the event of an emergency?

Admiral WALLIN. That is correct.

RESERVE FLEET DRYDOCKING, PRIVATE SHIPYARDS

Mr. SHEPPARD. Take up your next item, "Reserve fleet drydockings, private shipyards." Would not the explanation that you gave for the reserve fleet overhauls in private shipyards apply to the drydocking category?

Admiral WALLIN. That is correct.

Mr. SHEPPARD. You do not request anything in 1953 for reserve fleet drydockings, naval shipyards. Why?

Admiral WALLIN. We want to build up the capabilities of the private yards and give them something to work on. The drydocks in the Government yards are busy anyhow, and it is just as well not to bring them into the naval shipyards but to send them to a private shipyard for those various reasons.

NAVAL DISTRICT SERVICE CRAFT, OVERHAULS AND REPAIRS

Mr. SHEPPARD. Reflected on page 10–22 of your justifications you have two items of operation, naval district service craft overhaul, where you want $750,000, which is a decrease in your estimate of 1952, and also naval district service craft, repairs, where in 1953 you are asking for $250,000 as against $476,000 in 1952. This is a companion operation. Why do you find it is necessary to ask for a lesser amount of money in 1953?

Admiral WALLIN. The chief reason, Mr. Chairman, is that there are fewer vessels that have to be maintained. These are not on the same basis as the major vessels in the reserve fleet. We have put back into service a considerable number of them. We are trying to do a moderate amount of work on the service craft. Those are the yard and district craft; the small craft.

Mr. SHEPPARD. They are all small craft?

Admiral WALLIN. Yes; and we want to keep them in a reasonable degree of readiness.

MOTH-BALL FLEET

Mr. FERNANDEZ. What is the naval reserve fleet? That does not mean the fleet operated by Naval Reserves?

Admiral WALLIN. No. We will come to that later. It is the mothball fleet.

Mr. FERNANDEZ. How do you put them in mothballs? I am not too familiar with what is done with the reserve fleet.

Admiral WALLIN. First they are inactivated and supposedly put in a good state of readiness by a repair program at a naval shipyard. Then they are sealed up. The machinery is all flushed down with preservatives. They are sealed up, and we utilize a system of air control, weather control, to prevent deterioration of machinery and equipment. "Dehumidification" is the term that we use for the weather control within the ship after it is sealed up, and that maintains a rather steady temperature and humidity, low humidity, so that corrosion does not occur in great amount.

Mr. FERNANDEZ. And these ships are kept where?

Admiral WALLIN. In various places. There are concentrations of reserve fleet vessels at various places. Practically every naval shipyard has a certain number. There are locations like the Columbia River. They have a considerable number. San Diego has a great number. Then there is a great number in Florida.

Mr. FERNANDEZ. They are not in drydock?

Admiral WALLIN. No, sir.

Mr. FERNANDEZ. They are kept in the water?

Admiral WALLIN. They are kept in the water afloat.

MOTHBALL FLEET OVERHAULS

Mr. SHEPPARD. Why, in brief, are overhauls necessary for mothball ships? A layman would assume that when you put a ship in mothballs you had put it there for storage purposes to be used at some time in the future. The question could be asked, "All right, if they are put there for storage, why is it necessary to spend funds to modify them and improve them, and so forth while they are in status mothball?" Will you give us an answer?

Admiral WALLIN. Our experience has been that that part of the ship which is sealed up and kept in a dehumidified condition suffers very little deterioration. They do pretty well, but the topsides of the ships that are exposed to the atmosphere deteriorate quite rapidly, especially in geographical locations of high temperature and high humidity. It means that when these vessels are overhauled, which is only once every 5 years, a great amount of the topside work has to be taken into account and renewed like the wire stays, for instance, and a lot of the rigging. The decks themselves get into bad shape. They tend to leak. The oakum and the tar boil out at high temperatures and something has to be done about it.

I would say that the primary need is the part that is exposed to the weather. The same thing pertains to that part of the ship which is under the water. Five years is a long time for the underwater portion of a ship to be unattended. There is a lot of corrosion that may start. There is a lot of growth of sea fossils and things of that kind that have to be removed to prevent further corrosion.

Then in addition to that is the fact that now we are engaged in improving the readiness of those ships in a moderate sort of way so that they can be relatively in good condition to join the fleet if they are called upon to do so in case mobilization should occur.

NUMBER OF OVERHAULS

Mr. WIGGLESWORTH. How many ships are you overhauling this year?

Admiral WALLIN. I might say this, first, that prior to the second half of 1951 we were not overhauling any. I think that you probably know when the Korean problem started we began to overhaul.

In 1951 we overhauled 191. In 1952 we are scheduled to overhaul 270 and in 1953, 262.

OBLIGATIONS

Mr. WIGGLESWORTH. What are your obligations as of December 31 on this $40,000,000 item?

Mr. ALFORD. Obligations and commitments as of December 31, 1951, about $30,000,000.

COMMITMENTS

Mr. WIGGLESWORTH. What do you mean by "and commitments"?

Admiral WALLIN. That means where we are committed to make the expenditures by having allotted funds to shipyards, to naval shipyards, or to the forces afloat to proceed with the work. An obligation, under our method of procedure, is an actual contract. Where the Navy does the work, we do not have an actual contract, but we have an allotment of funds.

Mr. WIGGLESWORTH. A commitment, short of an obligation, can be amended or revoked tomorrow, can it not?

Admiral WALLIN. Yes.

Mr. SHEPPARD. Have you an actual obligation figure?

Mr. ALFORD. I do. $16,600,000 as of January 31, 1952.

If I may offer an explanation here, the allotment money for this purpose which is given to the Reserve Fleet commanders, and in turn given to shipyards for shipyard work, does not get on our books as an obligation until that money is actually disbursed.

Mr. WIGGLESWORTH. I understand that.

Mr. SHEPPARD. How far in arrears would that volume of dollars pile up on you?

Mr. ALFORD. I should say 2 to 3 months. That would be my best estimate.

REPAIR OF SHIPS—COMPONENTS

Mr. SHEPPARD. We will take up the next item, subproject 2A (2), "Repair of ships, components." Your request for 1953 is $8,000,000. Your estimate for 1952 was $3,083,800. This represents an increase of $4,916,200.

We will insert the justification at this point.

The contemplated program of procurement is based upon a thorough review of the maintenance needs of the Reserve Fleet and is designed to provide components necessary to meet the usage requirements during routine maintenance and scheduled quinquennial overhaul periods. General items of equipment indicative of the requirements involved are minesweeping gear; galley equipment;

main propulsion components including propellers, shafting and shaft bearings; miscellaneous valves, air flasks, meters and watertight closures; pumps, air compressors, blowers, etc.; and miscellaneous electrical distribution, interior communication and fire-control equipment.

BASIS FOR INCREASE

Mr. SHEPPARD. Why the comparatively large increase in this item?

Admiral WALLIN. The components, as you know, are special items of material being purchased for future installation in the vessels. Certain of the equipment, we have learned from reactivation of these vessels, need replacement at a very early date if the vessels are going back into the service.

The $8,000,000 is made up of the following items: Mine sweeping gear, galley equipment, main propulsion components including propellors, shafting and shaft bearings; miscellaneous valves, air flasks, meters, and watertight closures; pumps, air compressors, blowers, and so forth; miscellaneous electrical distribution, interior communication and fire-control equipment. That is all electrical, which deteriorates very rapidly.

EFFECT OF PRICE INCREASES

Mr. SHEPPARD. Have you found a comparative increase in your requirement there, costwise, comparable to those that you have had heretofore?

Admiral WALLIN. In the Reserve Fleet?

Mr. SHEPPARD. Yes. What I am trying to establish here is, is there any line of demarcation between your cost of components, following the same routine procedure in the Reserve Fleet function as you would in any other ship function of like character? An increase in price reflected in one category would be reflected in another.

Admiral WALLIN. That is right.

Mr. SHEPPARD. Is there anything specifically new in this project that has not been included in the budget hearings heretofore?

Admiral WALLIN. I believe not.

Mr. SHEPPARD. Outside of possibly parts and components, the principal of procedure is the same and the requirement is based upon the same premise?

Admiral WALLIN. Yes.

Mr. SHEPPARD. You have supporting data in this instance as you have in all others?

Admiral WALLIN. Yes. We have breakdowns and what I have just read to you.

INCREASED FUND REQUIREMENTS

Mr. WIGGLESWORTH. I do not understand why you need $8,000,000 when you got along with $3,000,000 this year and $500,000 the year before.

Admiral WALLIN. Starting with the year before, we were just getting into this program of overhauling these ships. They had not been overhauled, and in 1951 we had only $539,000 which was in the supplementals, I believe, for this purpose.

As we got into the work of overhauling these ships we found deterioration of these particular items had to be taken account of if

these ships were to be made reasonably ready for service in the active fleet. Now we have had one whole year's experience in this work, from about January 1951 to 1952, and as we get into it we find a considerable number of components have to be replaced. One of the largest is the electrical gear.

Mr. WIGGLESWORTH. Fewer ships but two and two-thirds the money for these components?

Admiral WALLIN. I do not understand the question, Mr. Wigglesworth.

Mr. WIGGLESWORTH. I understood that you are going to overhaul 262 ships which compares with 278 for the present year, but for the components you want two and two-thirds as much money?

Admiral WALLIN. This is for procurement only and not for installations in 1953. We have to buy ahead. These are long lead time items generally and we buy one a year and install the next year, or the following year.

Mr. WIGGLESWORTH. This is not for the 262 ships?

Admiral WALLIN. No, sir.

Mr. WIGGLESWORTH. How many ships is this for?

Admiral WALLIN. This would have to be looked into in the Bureau. We have a record of what ships we are providing for in the future, but they are after the 262 ships; they are following the 262.

Mr. WIGGLESWORTH. Well, are the 262 ships to be provided out of the $3,000,000 for components in the current fiscal year?

Captain SEABRING. In such a degree as possible to provide those components, I would say yes.

Admiral WALLIN. I would say that some of the electrical fittings would be available, but a lot of the other material would not be available that soon.

Mr. WIGGLESWORTH. I wish that for the record you would give us the number of ships that are being supplied with these components (*a*) out of the $3,083,800 that you obtained for the fiscal year 1952, and (*b*) out of the $8,000,000 which you are requesting with respect to the fiscal year 1953.

Admiral WALLIN. We have here a complete shopping list of about 20 pages covering these items.

Mr. WIGGLESWORTH. I would like to get the yardstick if I may.

(The requested information is as follows:)

The number of ships to be supplied with these components during fiscal year 1952 will be 270 and 262 for fiscal year 1953. The increase in funds for fiscal year 1953 is due to more comprehensive overhauls, necessary to bring the state of readiness of the reserve fleet to a degree comparable to the active fleet.

REPAIR OF SHIPS—REPAIR PARTS

Mr. SHEPPARD. We will take up the next project, "2A (3) Repair of ships—repair parts." Your request for 1953 is $3,418,000. Your estimate for 1952 is $4,620,000. This shows a decrease of $1,202,000.

We will insert the justification of funds requested.

(The justification referred to is as follows:)

The total funds requested of $3,418,000 are broken down as follows:

1. $3,390,000 to cover replenishment of issues from the ships parts supply system required for the maintenance and preservation of vessels of the reserve fleet, at the same rate as in previous years, including issues of repair parts utilized in scheduled quinquennial overhauls of vessels of the reserve fleet.

2. $28,000 for cost of estimated industrial overhead support to be generated by the granting of allotments to naval activities for the manufacture of repair parts. The estimated funds to be thus granted amount to $390,000 and are included in funds requested in paragraph 1 above.

Mr. SHEPPARD. I see that you have a breakdown for the distribution of this sum of money. You will please indicate what it is to be used for.

Admiral WALLIN. In general, it is to replenish the stock of repair parts which are available for withdrawal from store by any ships of the fleet, active or reserve, and this is the proportion that falls to the reserve fleet, $3,390,000.

Mr. SHEPPARD. And there is $28,000 estimated for the cost of industrial overhead support?

Admiral WALLIN. Yes.

Mr. SHEPPARD. Is there anything in this request that is different from requests of like character heretofore?

Admiral WALLIN. Nothing. I think that this is normal.

Mr. SHEPPARD. It follows the general procedure of repair parts requirements under existing circumstances and has been analyzed upon the premise of the yardstick of past experience?

Admiral WALLIN. Yes.

Mr. SHEPPARD. You have supporting data of this item in the department?

Admiral WALLIN. Yes.

INVENTORY LEVELS

Mr. WIGGLESWORTH. How much is on hand now in this parts supply system?

Admiral WALLIN. We will get that figure in just a moment. We have a large inventory of spare parts spread over the country, and on repair ships, with Mechanisburg, Pa., as the central point for repair parts and Clearfield Utah, being the west coast corresponding base.

Captain SEABRING. The peacetime operating stock, or the value of the inventory at the beginning of the fiscal year 1952 was $139,425,000.

Mr. WIGGLESWORTH. As of July 1, 1951?

Captain SEABRING. July 1, 1951, the beginning of the fiscal year 1952. This, Mr. Wigglesworth, covers all the repair parts for all the budget activities—the active fleet, the reserve fleet, and the Reserve training vessels. The corresponding inventory for the beginning of the fiscal year 1953, estimated, is $105,808,000. The corresponding figure for 1954, based upon the same amount of input the following year, will further reduce the inventory to about $95,000,000.

Mr. WIGGLESWORTH. Including the request in the appropriation?

Captain SEABRING. If we had in 1954 the same amount that we are requesting in this budget, yes. That is projected still an additional year into the future.

Mr. WIGGLESWORTH. This is for the fiscal year 1953?

Captain SEABRING. And that is projected into 1954.

Mr. WIGGLESWORTH. It is as of the end of 1953; is it not?

Captain SEABRING. Yes.

Mr. WIGGLESWORTH. How much did you spend out of this?

Captain SEABRING. The estimated amount for 1952, $99,100,000.

ALTERATIONS AND MIP—LABOR AND NSA MATERIALS

Mr. SHEPPARD. We will take up project 2B (1), "Alterations and MIP—labor and NSA material." Your 1953 estimate is $9,340,000. Your 1952 estimate was $3,298,300. We will insert the justification of funds request at this point.

The amount requested will provide for installation, during quinquennial overhauls initiated during fiscal 1953, of a highly restricted list of technical materials and systems which are considered to be mandatory if reserve fleet ships are to enter combat operations in the company of other ships with an acceptable degree of military effectiveness. It is assumed that: (*a*) vessels of the reserve fleet are generally satisfactory as vessels, and (*b*) their deficiencies are primarily a lack of certain new offensive and defensive installations which are imperative if they are to carry out, upon mobilization, their prospective missions without unacceptably high risk. Major installations involved are installation of aircraft elevators, arresting gear and aircraft barriers of improved capability and increased capacity on aircraft carriers; installation of radio equipment of increased traffic capacity and efficiency; installation of new electronic identification equipment; installation of carrier-controlled approach systems.

ALTERATIONS AND MIP—COMPONENTS

Mr. SHEPPARD. We will take up subproject 2B (2), "Alterations and MIP, components." Your estimate for 1953 is $3,274,000. For 1952 it was $1,540,000. We will insert the justifications for this project.

The program of procurement budgeted herein is designed to provide for the purchase, during fiscal year 1953, of alteration components required to accomplish material improvement installations other than major armament modernizations, set forth within the Ship Improvement Guide, part II. The funding requested is designed to provide for the procurement of approximately one-half of the component requirements of those reserve fleet ships scheduled to be operational by M+12 months plus 20 percent of the additional requirement for such items for additional reserve fleet ships to become operational after M+12. Major items of procurement are motor generators and related control equipment for special electronics power supply; miscellaneous electrical power distribution and drive equipment; miscellaneous interior communication and fire control equipment for submarines and surface vessels; miscellaneous items including electronics repair parts, stowage cabinets and line shaft spring bearings.

Mr. SHEPPARD. In both instances, subprojects 2B (1) and 2B (2), there is an increase. In the first item it amounts to $6,041,700 and in the second item it amounts to $1,734,000.

I will ask you whether or not there is anything in these two programs that is not comparable with programs of like character that have been presented to the committee heretofore, and if there is any material change in policy that reflects in either one of these subprojects.

Admiral WALLIN. They are somewhat similar, Mr. Chairman. However, there is a policy matter involved, and that is the fact that an effort is being made to bring reserve fleet vessels into a state of readiness somewhat comparable, so far as the major installations are concerned, with the ships of the active fleet, at least to the extent they could operate satisfactorily with the active fleet if mobilization should occur.

For instance, in the justifications on page 10–24 we list some of the major installations, military, which are involved, such as aircraft elevators, arristing gear and aircraft barriers of improved capability because of the increased size and speed of the aircraft.

Mr. SHEPPARD. We spent about 4½ hours on this specific subject matter relative to the increased elevation, and so forth, that is necessary to accommodate modern aircraft, and that is why I consolidated these two projects and brought them to a joint consideration.

Admiral WALLIN. The electronics equipment is in the same category as the aircraft carriers. The electronics equipment on ships is of particular importance if they are to operate together.

Mr. WIGGLESWORTH. I take it that alterations and MIP, labor and NSA material, is comparable to the item we discussed this morning relative to the active fleet.

Captain SEABRING. Yes.

Mr. WIGGLESWORTH. Would you furnish to the committee a similar statement requested in that connection showing the names and classifications of items and the number of ships and the cost of procurement and the cost of installation for each category?

Captain SEABRING. Yes. I am prepared to give you some examples right now if you would like them, which we obtained during the noon hour.

Mr. WIGGLESWORTH. Is that for the active fleet or the reserve fleet?

Captain SEABRING. The reserve fleet which we are talking about right now.

Admiral WALLIN. What you requested this morning is being put together now in the Bureau.

Mr. WIGGLESWORTH. Does this cover what I requested this morning in respect to the fleet?

Admiral WALLIN. Yes, some items. We were not able at the noon hour to get this all together, but I can give you some.

Mr. WIGGLESWORTH. Suppose that you compile both and submit them to the clerk so that they may be looked over in their entirety.

Admiral WALLIN. Yes.

(The requested information was furnished to the committee.)

Mr. WIGGLESWORTH. Have you a shopping list of the component items for which you want an increase from $1,540,000 to $3,274,000?

Captain SEABRING. Yes.

Admiral WALLIN. I might indicate, while he is getting that out, some of the things that are involved. Procurement of motor generators and related control equipment for special electronic supplies, miscellaneous electrical power distribution and drive equipment, interior communication and file control equipment for submarines, miscellaneous items including electronic repair parts, and stowage cabinets and line shaft spring bearings. We have a total and the subtotals in dollars for those items as follows: major generators and the latest controls, $1,439,000, miscellaneous electrical power distributing equipment, $476,000, miscellaneous interior communications equipment for submarines and surface vessels, $879,000, miscellaneous items including electronic spare parts, and cabinet and line shaft spring bearings, $480,000, making a total of $3,274,000.

Mr. WIGGLESWORTH. These items have nothing to do with the 262 ships that you want to overhaul in 1953? This is for later installation?

Admiral WALLIN. For later installation.

Mr. WIGGLESWORTH. Will you indicate in this case also the number of ships that are affected by the $1,540,000 that you asked for this

fiscal year, and by the $3,274,000 that you are requesting for the fiscal year 1953?

Admiral WALLIN. Yes.

(The requested information is as follows:)

The number of ships to be supplied with these components during fiscal year 1952 will be 270 and 262 for fiscal year 1953. The increase in funds for fiscal year 1953 is due to more comprehensive alterations, necessary to bring the state of rediness of the reserve fleet to a degree comparable to the active fleet.

SUPPLIES AND EQUIPAGE

Mr. SHEPPARD. We will take up the next item at the bottom of page 10–25, project No. 2c "Supplies and equipage." In 1953 the estimate is $3,750,000. In 1952 it was $3,781,400. This reflects a decrease of $31,400.

We will insert the justification of funds requested.

This project provides funds for supplies and equipage to be used by reserve fleet military personnel in the day-to-day maintenance of reserve fleet vessels.

Supplemental table of program content

	1951 actual	1952 estimate	1953 estimate
Supplies and equipage, reserve fleet	$3,086,000	$3,281,400	$3,345,000
Supplies and equipage, ready reserve ships		300,000	243,000
Supplies and equipage, naval district commandants	100,713	200,000	162,000
Total	3,186,713	3,781,400	3,750,000

Mr. SHEPPARD. What is the purpose for which this sum is requested?

Admiral WALLIN. This request is entirely parallel to a similar request for the active fleet. It is consumable supplies.

SUPPLIES AND EQUIPAGE, RESERVE FLEET

Mr. SHEPPARD. I note that you have a supplemental table of program content, reflected in the middle of page 10–26 which appears to be self-explanatory. The first important item reflected is "Supplies and equipage, reserve fleet," $3,345,000. Will you comment on that particular item?

Admiral WALLIN. "Supplies and equipage, reserve fleet." As is indicated, supplies and equipage for the ready reserve ships—we have several of those, three of them.

Captain SEABRING. They are the CV *Shangrila* the CVE *Gilbert Island*, and the CVE *Point Cruz*.

SUPPLIES AND EQUIPAGE, NAVAL DISTRICT COMMANDANTS

Mr. SHEPPARD. What is that last item which is the small one, "Supplies and equipage, naval district commandants"? You are asking for $162,000.

Admiral WALLIN. That is for district craft. The yard and district craft come under the cognizance of the district command rather than the fleet command, and he makes the allotment of funds to maintain satisfactorily, so far as supplies and equipage are concerned, those vessels.

Mr. SHEPPARD. Does this follow the same pattern of procedure that we have had in the appropriation presentations heretofore?

Admiral WALLIN. It does, sir.

Mr. SHEPPARD. There are no deviations that are exaggerated as against previous years in this requirement?

Admiral WALLIN. No, sir.

Mr. SHEPPARD. You have all the usual supporting data to support the figure of $3,750,000?

Admiral WALLIN. We do.

NUMBER OF SHIPS IN RESERVE FLEET

Mr. WIGGLESWORTH. I do not understand what you told the chairman about the first item. Is that exclusively for three ships, $3,345,000?

Admiral WALLIN. Yes, exclusively.

Mr. WIGGLESWORTH. How many ships do we have in the reserve?

Mr. ALFORD. One heavy and two light carriers.

Admiral SOLOMONS. I do not believe that you understood Mr. Wigglesworth's question. His first question was relative to $3,345,000 which takes care of the entire reserve fleet, not just the three ships.

Admiral WALLIN. That is correct. That figure is for the reserve fleet, and the next figure $243,000, is for the three vessels in the reserve fleet.

Mr. WIGGLESWORTH. I do not think that is clear on the record then. The $3,345,000 is applicable to the entire reserve fleet. That is the moth-ball fleet?

Admiral WALLIN. That is correct.

Mr. WIGGLESWORTH. The second item of $243,000 is for the three ships that you carry under the classification of ready reserve?

Admiral WALLIN. Yes.

INCREASED FUND REQUIREMENTS

Mr. WIGGLESWORTH. Why does the first item, applicable to the moth-ball fleet, show the increase as compared to the two preceding fiscal years?

Admiral WALLIN. The only reason for that is the increased cost of material, 1952 as compared to 1953.

Mr. WIGGLESWORTH. Is there the same amount of work to be done in 1953 as in 1952?

Captain SEABRING. This is all consumable supplies and equipage, mostly consumable supplies in these cases.

Mr. WIGGLESWORTH. Even in respect to the reserve fleet?

Captain SEABRING. Yes. They have small crews, not aboard each ship but in each group, in order to take care of maintenance and preservation features.

PROJECT NO. 2D, INACTIVATION

Mr. SHEPPARD. We will take up the next project on page 10–06, "Inactivation." We will insert the justification of funds requested on page 10–27.

The 1953 program objective provides for the inactivation of 105 ships as follows: 2 AF's (provision storeship), 42 AM's (mine sweeper), 2 CV's (aircraft carrier), 15

LST's (landing ship, tank), 32 LSU's (landing ships,' utility), and 12 SS's (submarine). The funds requested will be adequate to apply the necessary preservation measures. This will permit their timely activation in event of mobilization.

Mr. SHEPPARD. Your estimate for 1953 is $21,146,000. Your estimate for 1952 was $894,300. This reflects an increase of $20,251,700. Gentlemen, proportionately speaking, this is an extremely large increase and I would like an explanation as to why this activity has reached the sum requested.

Admiral WALLIN. The schedule for inactivation in 1953 calls for 105 ships, as follows: 2 AF's, 42 AM's, 2 CV's, 15 LST's, 32 LSU's and 12 SS's submarines.

This compares with only 6 inactivations in the fiscal year 1952. The inactivation work involves bringing the ships to a reasonable state of repair and then putting them under the dehumidification arrangement that I described a while ago.

Mr. SHEPPARD. I would say that this reflects an average of approximately $200,000 per ship, but you are not going to spend $200,000 on each ship, by any means; is that right?

Captain SEABRING. No, sir. We have a detailed statement showing how much it is for each individual ship of the 105, both for present inactivation as a whole and preservation.

Mr. SHEPPARD. While there is a decided increase in this request, does that indicate that you have departed from the procedure that has heretofore pertained relative to this operation in previous budgets, or does it merely pertain to the amount of the increased requirements?

Captain SEABRING. It pertains to the increased requirements, sir.

Mr. SHEPPARD. Is there anything specifically new in this operation, aside from the increased amount of requirements?

Captain SEABRING. No, sir, nothing.

Mr. WIGGLESWORTH. Do you have material within the Department that will justify this total of $21,146,000?

Captain SEABRING. Yes, sir.

Mr. SHEPPARD. Do you have any questions, Mr. Fernandez?

Mr. FERNANDEZ. No, Mr. Chairman.

Mr. SHEPPARD. Mr. Wigglesworth, do you have any questions with reference to the inactivation program that we have under discussion?

UNIT COST OF INACTIVATION

Mr. WIGGLESWORTH. Well, according to my mathematics, six ships were inactivated this year at $894,300. That is approximately $149,000 apiece. One hundred and five ships to be inactivated at $21,146,000 in 1953 will run around about $200,000 or $210,000 apiece. There is 33 percent or more difference in the unit cost. That is question No. 1.

Captain SEABRING. That $21,146,000, Mr. Wigglesworth contemplates 57 preinactivation overhauls in addition to the 105 inactivations.

Mr. WIGGLESWORTH. Fifty-seven what?

Captain SEABRING. Fifty-seven preinactivation overhauls. That puts the ships in a good state of readiness.

Mr. WIGGLESWORTH. Preinactivations?

Captain SEABRING. Yes, sir.

Admiral WALLIN. Before these ships are put into inactivation, Mr. Wigglesworth, they are given an overhaul to put them in a good state of repair.

Mr. WIGGLESWORTH. That does not apply to all of the 105 ships?

Captain SEABRING. Only 57 of the 105 receive that overhaul, sir, at an estimated cost of $7,571,000.

Mr. WIGGLESWORTH. $7,000,000 and what?

Captain SEABRING. $7,571,000, sir.

Mr. WIGGLESWORTH. That is for the total?

Captain SEABRING. The total for the 57, yes, sir. We have the unit cost for each ship here.

Mr. WIGGLESWORTH. That leaves you about $15,500,000?

Captain SEABRING. For 105 inactivations, $13,575,000, sir.

Mr. WIGGLESWORTH. And that brings it down to $125,000 or $135,000 per ship?

Captain SEABRING. That is correct, sir.

Mr. WIGGLESWORTH. With reference to the six ships that were inactivated this year were some of them subjected to preinactivation overhauls also?

Captain SEABRING. I think none of those had a preinactivation overhaul, but we can furnish that for the record.

Mr. WIGGLESWORTH. Will you please do so, if there were any?

Captain SEABRING. Yes, sir.

(The matter referred to is as follows:)

None of the six ships scheduled for inactivation during fiscal year 1952 will receive a preinactivation overhaul.

Mr. WIGGLESWORTH. It looks as if it takes about $210,000 apiece to inactivate these ships, including the preinactivation overhauls, and then we spend about $140,000 apiece in overhauling them every 5 years.

Captain SEABRING. The quinquennial overhaul, sir.

Mr. WIGGLESWORTH. Then when you want to activate them for service what will that average cost be?

Captain SEABRING. About $200,000, sir.

Mr. WIGGLESWORTH. By the time you get through inactivating and activating you are going to spend over half a million dollars on a ship. What is the reason for inactivating such a large number of ships for 1953?

Admiral WALLIN. I would say the primary reason is the conversion level which is established, that the Navy has to live with. We have only certain manpower, military, and a certain number of ships.

Do you want to add anything to that?

Admiral SOLOMONS. The force level which is prescribed for 1953 is the same as at the end of 1952, and due to the fact that a certain number of new ships will be delivered and put into the active fleet, plus a certain number of conversions which will be ready for the active fleet, it is necessary ship for ship to reduce the active fleet to maintain the same level during the 2 years.

Mr. WIGGLESWORTH. What we are really doing is to provide 185 ships, either new or converted, which is about 16 percent of the active fleet, and disposing of the identical number either to the moth-ball fleet or to the reserve?

Admiral SOLOMONS. Yes.

Mr. WIGGLESWORTH. Is it the policy of the Navy looking to the future that about 16 percent of the fleet shall be modernized annually?

Admiral WALLIN. I think that is a question for the Chief of Naval Operations to answer, Mr. Wigglesworth.

Mr. WIGGLESWORTH. It has not been determined to your knowledge?

Admiral WALLIN. That has not been determined in that way, I am sure, so far as we are aware in the Bureau of Ships. We carry out the directive regarding the material situation, building, converting, repairing, or whatever the requirement is.

Admiral CLEXTON. I think the number 185 ought to be clarified and made proper.

The boats should be removed from the 185, and in the case of a destroyer, when a destroyer goes in for 3-inch-50 conversion she is not removed from the active fleet, and she stays in commission all the time.

The same thing is true of submarines getting guppy conversion, and so there are not 185 ships going from one status to the other status.

Admiral WALLIN. No, not net.

Admiral CLEXTON. I believe that number should be clarified.

Mr. WIGGLESWORTH. I would like to have it clarified and not confused. If we are given two sets of figures nobody knows what the facts are. I understood that this was the situation, that we are getting 122 ships through the route of new construction, and 63 through the route of conversion, making a total of 185, and that 105 ships are going into the moth-ball fleet, and presumably 80 more into the reserve fleet, so that the figures wash.

If those figures are not right I wish somebody would put the right figures into the record so that the record will not be confused.

Captain SEABRING. I do not blame you for being confused. It is extremely confusing because of the wording of some of the appropriations, Mr. Wigglesworth.

Mr. SHEPPARD. Captain, why do you not insert in the record a description of the transition of these ships, in order that a person can pick that transition up and have it answered from A to terminae?

Captain SEABRING. We can do that, sir.

Admiral SOLOMONS. We can do that, but I do not believe, that it should be made a matter of record but, rather, supplied to the committee because of the composition.

Mr. SHEPPARD. I can understand that.

Admiral SOLOMONS. Yes, sir.

Mr. SHEPPARD. I do not think it is necessary for the record. I do not think Mr. Wigglesworth had that particularly in mind.

Mr. WIGGLESWORTH. You do not mind giving the over-all figures, that I have just been referring to, with any necessary corrections?

Admiral SOLOMONS. Certainly not. What we anticipated doing, sir, was to give you the ship for ship change in each category.

Mr. WIGGLESWORTH. That you would give off the record?

Admiral SOLOMONS. Yes, sir; and we will supply it to the committee for their use.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Mr. WIGGLESWORTH. That is all, Mr. Chairman.

Mr. FERNANDEZ. How many of these ships did you say were to have that preinactivation overhaul?

Captain SEABRING. Fifty-seven I believe, but I will check it, sir.

Mr. FERNANDEZ. At a cost of how much?

Captain SEABRING. $7,571,000.

Mr. FERNANDEZ. For all of them?

Captain SEABRING. For all of them; yes, sir.

Mr. FERNANDEZ. Is that cost included in this appropriation or in the appropriation for overhaul that we were talking about earlier in the hearings?

Captain SEABRING. Yes, sir; it is included in the $21,000,000 item that we are now considering.

THURSDAY, MARCH 20, 1952.

1953 REPLACEMENT

Mr. SHEPPARD. The committee will come to order.

Admiral SOLOMONS. Mr. Wigglesworth, just before we completed the testimony yesterday aftgernoon, you asked a question relative to whether or not the 185 ships which would enter the fleet during the fiscal year 1953 were a part of the over-all revitalization program, and whether or not the shipbuilding program as a whole was a planned program for orderly replacement.

It was my impression that question was not completely answered. If you desire further information on that subject I will be happy to supply it for you.

Mr. WIGGLESWORTH. I thought we were going to be given the correct figures for the number of ships that would enter the active fleet by the new construction ruote; the number of ships that would enter the active fleet by the conversion route, so that we could get an idea of the percentage of the ships in the active fleet that would be replaced by new or modernized ships annually, and some statement as to what the policy of the Navy was in that connection.

Admiral SOLOMONS. That information is being prepared and will be supplied today, sir.

Insofar as the long-range program is concerned, when Admiral Fechteler appeared before the committee in connection with the shipbuilding program, he stated that the shipbuilding program, as well as the conversion program, is a carefully studied and integrated program to revitalize and replace ships prior to their becoming overage in an orderly program.

Dut to the fact that a ship's life varies with the type of ship from about 20 years for the larger and heavier ships to 10 to 15 years for your smaller ships, there is just that program for orderly replacement insofar as budgetary and appropriations limitations permit, and a part of this 1953 shipbuilding program is for that purpose.

Your four prototype destroyers of the revised tonnage which Admiral Wallin mentioned is that sort of a program for replacing the very large group of World War II destroyers which were all built in a relatively short period of time and whose life will, therefore, terminate within a relatively few years over-all.

PROJECTED CONSTRUCTION AND CONVERSION

Mr. WIGGLESWORTH. I would like to get percentagewise what the Navy policy contemplates looking ahead in terms of new construction, or conversion of ships for the active fleet.

Admiral SOLOMONS. That we can supply to you, sir.

(The requested information follows:)

The 1953 shipbuilding and conversion program comprises 50 new ships, 20 small mine craft, 450 small landing boats, 34 service craft, and the conversion of 10 ships already built, all at a cost of approximately $1 billion.

This is all being requested to make our Navy more ready to perform its missions now and in the future.

At this time, we are correcting numerical deficiencies of the active fleet of such critical types as escorts, mine, and amphibious craft.

For the future, we are making a start on correction of a serious situation as to inventory of capital investment.

Admiral Fechteler has told you that our present investment in World War II ships cost $19½ billion.

It is estimated that to build that same fleet today would cost $48 billion.

Based on life of type replacements (10 to 20 years depending on type) the annual cost of replacement of the active fleet would require $2.5 to $3.1 billion per year shipbuilding program. The current program of about $1 billion is a compromise which is dictated by the availability of total appropriations and the over-all requirements.

New ship construction joining the fleet in 1953 amounts on a percentage basis to 5.5 percent. The fiscal year 1953 shipbuilding program will provide about 6 percent replacement.

Our inventory is now approaching the midlife age of 10 years.

The subject of declining inventory of ships is of real moment to all of us.

For the time being, the amount of 1 billion will keep the Navy strong in ships because of the farsightedness of those responsible for the reserve fleet policy.

I am merely indicating to you the trend of this appropriation in years to come.

In 10 years it will either be in the order of 2 plus billion or we must accept a lower degree of naval readiness.

New ships have been emphasized in the current program.

Conversions have been held to the modest number of 10 ships—two carriers, two cruisers, 3-inch/50 antiaircraft gun, and six destroyer escort radar pickets, urgently required for air early warning.

This balance between new construction and conversion was determined because the new ships will not only augment the total inventory of ships in the Navy but, as they will be both modernized and new, they will improve measurably the fleet's immediate and future condition of readiness.

MAINTENANCE AND OPERATION OF NAVAL RESERVE VESSELS

Mr. SHEPPARD. We will take up our next budget activity, No. 3, "Maintenance and operation of Naval Reserve vessels," and we will insert the table on page 10–28 in the record at this time.

(The tabulation referred to is as follows:)

BUDGET ACTIVITY No. 3.—*Maintenance and operation of Naval Reserve vessels*

No.	Project	1951 actual	1952 estimate	1953 estimate
3A	Repair of ships:			
3A (1)	Labor and NSA material	$7,931,036	$10,404,800	$6,565,000
3A (2)	Components	95,050	1,000,000	200,000
3A (3)	Repair parts	545,000	4,000,000	1,500,000
3B	Alterations and MIP:			
3B (1)	Labor and NSA material	6,117,794	2,318,700	837,000
3B (2)	Components	750,000	200,000	200,000
3C	Supplies and equipage	1,633,957	1,735,800	1,018,000
	Subtotal		19,659,300	10,320,000
3D	Equipment for shore facilities:			
3D (1)	Procurement, installation, and maintenance of general equipment	681,642	1,839,000	2,573,000
3D (2)	Installation and maintenance of electronic equipment	1,632,019	1,451,900	2,323,000
	Subtotal		3,290,900	4,896,000
	Total direct obligations	19,386,498	22,950,200	15,216,000

UNEXPENDED BALANCES

The unexpended balance under activity 3, maintenance and operation of Naval Reserve vessels on December 31, 1951, was $21,057,019.

Mr. SHEPPARD. Gentlemen, with reference to pages 10 to 28 of the justifications, there is a recapitulation, and I am going to cut the subject matter off here right under "C3, Supplies and equipment," because we went through items similar to this yesterday and covered the entire function when we covered the active fleet operations. This has the same justification except that these are the reserve vessels. Is that true?

Admiral WALLIN. Not reserve vessels; yessels for naval reserve training.

Mr. SHEPPARD. I find by drawing a line under the last item, "Supplies and equipage," your request for that item and all preceding it in the table for 1953 is $10,320,000, and your 1952 estimate is $19,659,300. This reflects a decrease of $9,339,300 as it applies to those projects involved under 3A–1, 3A–2, 3A–3, 3B, 3B–1, 3B–2, and 3C.

I will ask you at this time whether or not the justifications that covered your active fleet are parallel and comparable with these requests, with a deviation, of course, in the end results.

Admiral WALLIN. They are wholly parallel and follow the same pattern as for the active fleet and for the reserve fleet.

EQUIPMENT FOR SHORE FACILITIES

Mr. SHEPPARD. The balance of the recap we have before us carries two additional items not heretofore covered. 3D (1) is the procurement, installation, and maintenance of general equipment and 3D (2) is the installation and maintenance of electronic equipment.

For these two items for 1953 your estimate is $4,896,000. For 1952 it was $3,290,900. This shows an increase of $1,605,100.

PROCUREMENT

We will insert the justification of funds requested for subproject 3D (1) in the record at this point.

There are 316 Naval Reserve training centers and 28 Naval Air stations and Naval Air Reserve training units to which this program renders support. The types of equipment supplied include boilers, turbines, pumps, generators, motors, internal combustion engines, shop and foundry equipment; chemical defense equipment; ship metering and underwater log equipment; gyrocompass and plotting equipment; mines-sweeping and diving equipment. The funds available to this subproject largely determine the ability of Naval Reserve training activities to carry out their assigned function of training reservists in the operation and maintenance of Bureau of Ships equipment. It is through this medium that the Naval Reserve is equipped to supply personnel mobilization needs. The estimate is based on supporting the Naval Reserve training program substantially in accordance with its present table of organization.

NUMBER OF SHIPS IN RESERVE TRAINING FLEET

Mr. SHEPPARD. I wonder if you could supply us with the numbers of Reserve training fleet vessels this year and next year, please.

Admiral WALLIN. The number of vessels assigned for Naval Reserve training, or for training the reserves, in 1952 was 103 and the same figures apply to the estimate in this budget for 1953.

NUMBER OF OVERHAULS

In 1953 we are contemplating 66 overhauls of those vessels and in 1952 we scheduled 88 such overhauls.

Mr. SHEPPARD. This is in contrast to the same operation in your active fleet?

Admiral WALLIN. Yes; I would say, generally speaking, that is so. I might add further that the reduction in the estimate for 1953 for these vessels results from the fact that they have gotten into pretty good condition. There is a rotation of these vessels in the active fleet to the reserves in a considerable number of cases, so the material condition of these vessels has been greatly improved over the last year or so.

Mr. WIGGLESWORTH. Are these ships in the active fleet?

Admiral WALLIN. No, sir. These vessels are assigned to the commandants of the various districts for use of naval reservists throughout the country for training purposes. They are Naval Reserve vessels, neither in the active fleet nor the reserve (moth-ball) fleet.

CONSTRUCTION AND INSTALLATION OF MOCK-UPS

Mr. SHEPPARD. I notice reflected on page 10–36 of your breakdown here one item where you are requesting $508,000. That item is "Construction and installation of simulated ship compartments mock-ups." I wish you would explain that.

Admiral WALLIN. As you indicated, Mr. Chairman, item 3D (1) is for shore-based facilities, and that has to do with the training centers which are established ashore throughout the country for the training of naval reservists for shipboard duty. In order to do that satisfactorily and adequately, the training centers—in most cases called armories—are equipped with a great amount of material like machin-

ery, damage control arrangements, and equipments, so that the reservists may learn the operation of same ashore before they go aboard ship. They have regular drills approximately twice a month, depending upon situations locally, and from these parts of ships which are installed in the armories they learn the operation of the ship.

Now, the mock-up is a compartment built of wood simulating a compartment like a fireroom, an engine room, or a control area aboard ship, where everything is there to operate in the same way that it would be aboard ship, and thereby they learn ashore how to operate these various items of machinery.

Mr. SHEPPARD. I note that you are operating a total of 714 Naval Reserve shore electronic activities; to wit, 315 Naval Reserve training centers; 233 Naval Reserve electronics facilities; 153 Naval Reserve electronic stations; and 13 Naval Air Reserve training units.

Now, those are the locations in which these functions that you have just described would be operational?

Admiral WALLIN. That is correct, sir.

Mr. SHEPPARD. And covers the categories that I have just referred to, as applicable to the stations where this training program is being effected; is that correct?

Admiral WALLIN. It is, sir.

INSTALLATION AND MAINTENANCE OF ELECTRONIC EQUIPMENT

Mr. SHEPPARD. With reference to subproject 3D (2), you have a further breakdown reflected on page 10–38 of your justifications which has to do with the number of activities reflected in column 1, which is 315. Maintenance cost is $320,169; installation cost, $733,-635; and your travel cost connected with this function is $157,500, making a total of $1,211,304. Is that correct?

Admiral WALLIN. That is correct.

Mr. SHEPPARD. I notice that you refer to contract costs based on 624 man-months at $875 and 10,000 hours overtime at $5 per hour, or a total contract cost of $596,000. Will you explain that operation, please?

Admiral WALLIN. As everybody knows, the art of electronics has increased most rapidly and we have not been able to train military personnel, enlisted men, adequately in the time allowed to keep up with the great advances in the progress of electronics and the art. That is particularly so because of the turn-over in our military personnel, which affects us particularly at the present time when so many of our reserves are being relieved from active duty; that is to say, the reserves who were trained in this electronics equipment work now, within the next few months, being released, having completed their required active duty, and their places must be filled by recruits, so the need for training additional reserves is particularly acute. That is one side of the picture.

The other side is, regarding these particular men hired by the Navy on contract, that is necessitated by a combination of circumstances which I have mentioned. I will repeat: First, the rapid advance in the art of electronics. Second, the shortage of manpower in the enlisted ranks to handle adequately the complicated work of new electronics equipment. Those two factors necessitate the employment of civilian experts, and we employ them under contract with

Philco Corp. who furnishes civilian experts who are skilled in specialized electronic equipment.

The men whom they furnish are specialists, and they in turn train our reserve personnel at the reserve activities to handle adequately the new installations as regards operation and maintenance, particularly trouble-shooting of new equipment.

NAVAL RESERVE ELECTRONIC FACILITIES

Mr. SHEPPARD. I find reflected on page 10–39 under the title of "Naval Reserve Electronic Facilities" there is a complete breakdown showing, first, your naval districts, and then the number of activities which you list at 233. Your maintenance cost is $66,993; your installation cost $159,598, travel cost, $116,500, or a total of $343,091. Is that correct?

Admiral WALLIN. That is correct.

NAVAL RESERVE ELECTRONICS STATIONS

Mr. SHEPPARD. I again call your attention to the data reflected on page 10–40 under the title "Naval Reserve Electronics Stations." Again I find the naval districts listed on the extreme left-hand side of the page. The number of activities is 153. The maintenance cost is $10,480. The installation cost is $31,445. The travel cost is $76,500, or a total of $118,425. Is that correct?

Admiral WALLIN. Yes.

AIR RESCUE TRAINING UNITS

Mr. SHEPPARD. I call your attention to the subject matter reflected on page 10–41 of the justifications under the title of "Naval Air Reserve Training Units," wherein the naval districts are reflected on the left side of the page. The number of activities is 13. The maintenance cost is $13,358, the installation cost, $34,322, the travel cost, $6,500, or a total of $54,180; is that correct?

Admiral WALLIN. Yes.

Mr. SHEPPARD. At the bottom of that page there is a grand total for the activities of 714 for the number of activities, $411,000 for maintenance cost, $959,000 for installations costs, $357,000 for travel, making a total of $2,323,000; is that correct?

Admiral WALLIN. Yes.

TRAINING SHIP CLASSIFICATIONS

Mr. WIGGLESWORTH. I am not clear as to the classification of these ships for training purposes. We were told that we had 1,192 ships in the active fleet. We were told that we had 247 under construction. We were told that we had 264 in the conversion program, 70 requested for 1953 and 3 in the so-called ready reserve, and 1,385 in the moth ball fleet, and now we have apparently 103 that are in some other classification. What is the classification of these training ships?

Admiral WALLIN. These ships are vessels which are not included in the active fleet, or the reserve fleet, but are vessels assigned for the specific purpose of training Naval Reserve officers and enlisted men.

Mr. WIGGLESWORTH. Could they be utilized in time of need?

Admiral WALLIN. Yes. In the case of mobilization, they could be.

Mr. WIGGLESWORTH. Are they in better shape today than the ships in the moth ball fleet?

Admiral WALLIN. I would say yes; they are regularly operated. They are manned and operated by naval reservists.

Mr. WIGGLESWORTH. Are there any other ships that have not been referred to in the various classifications that I have just mentioned?

Admiral WALLIN. Other ships owned by the Navy?

Mr. WIGGLESWORTH. Yes. We have the active fleet, the ships for training purposes, the ready reserve, the moth ball fleet, the ships under construction, and the ships in the conversion program. Does that cover the whole picture, or do we have other classifications that have not been mentioned?

Admiral WALLIN. There are other ships owned by the Navy. I believe that there are 25 in the Military Sea Transportation Service.

Mr. WIGGLESWORTH. Does that cover them all?

Admiral WALLIN. There are ships on lease or loan, I believe, to foreign governments. That is a matter, however, that the Chief of Naval Operations ought to handle rather than I. I know, for instance, that Russia still has vessels.

Mr. WIGGLESWORTH. Some of the lend-lease vessels?

Admiral WALLIN. A considerable number that have not been returned to the Navy.

Admiral SOLOMONS. I might add that these Naval Reserve ships are ships assigned for the training of Naval Reserves and they fall into two categories: There are a limited number of so-called captive submarines that are tied up to the docks and all of their external openings sealed so that they do not go to sea. They cannot in their present condition be operated at sea, but the submarine crews train aboard in drills and go through all the operations alongside the dock which they would need for their training. The other group is either a destroyer, a DE, or in some cases a PCE, which actively goes to sea with these groups on board. They have a limited crew of Regular Navy personnel on board, but they are insufficient in number for the ship to go to sea until it is augmented by Naval Reserve units that go out for training.

Mr. WIGGLESWORTH. But the latter category could be readily used in the case of a show-down?

Admiral SOLOMONS. They could and would be. They actually at times, during their Naval Reserve training period, operate with the ships of our active fleet. I have had them personally under my command in antisubmarine training exercises. They are that type of vessel.

Mr. WIGGLESWORTH. You tell us that you have an over-all of 714 of these training facilities of one kind and another?

Admiral WALLIN. Yes.

Mr. WIGGLESWORTH. Or will have in 1953. How does that compare with what we have now?

Admiral WALLIN. I believe they are the same, or very nearly the same, Mr. Wigglesworth. We have had a program going on in the last 2 years, following Korea, to increase the number of facilities provided at these Naval Reserve training centers facilities, and that program has been completed, I believe.

ELECTRONIC TRAINING STATIONS

Mr. WIGGLESWORTH. You have never had any Reserve training centers in the Fifteenth or Seventeenth Naval Districts, or electronic facilities in the seventeenth district?

Admiral WALLIN. I cannot answer that. I do not believe so.

Mr. WIGGLESWORTH. Or electronics stations in the Fifteenth and the Potomac River Command. Looking at the breakdowns here, it would appear that you might have had previously more of these facilities than you are planning for in 1953.

Admiral CLEXTON. I believe that I can give you the numbers. The training centers were the same in 1952 and 1953—315.

The electronics facilities are 13 more in 1953 than they are in 1952.

Mr. WIGGLESWORTH. 233 compared with 220?

Admiral CLEXTON. Yes.

And the electronics stations are 30 more in 1953 than they are in 1952.

Mr. WIGGLESWORTH. 153 compared with 123.

Admiral CLEXTON. The others are the same for the Naval Reserve training.

Mr. WIGGLESWORTH. Fifteen in each year?

Admiral CLEXTON. In other words, there are 43 more stations of various types in 1953 than there are in 1952.

Mr. WIGGLESWORTH. 714 over-all as compared with 671. That is an increase of about 7 percent.

JUSTIFICATION OF INCREASES

Why is there such a substantial increase in the amount that you request for procurement, installation and maintenance of general equipment; namely, from $1,839,000 to $2,573,000?

Admiral WALLIN. That is required because of the need for financing the rounding out of a large number of these training facilities and stations. Following Korea, impetus was given to instituting these stations and equipping them fully for the training of Reserves ashore in their armories, and equipment was provided in most cases. Now we are in the process, as shown on page 10–36, of rounding out this program by providing a moderate amount of new equipment, but in large measure installation, replacement of obsolete equipment, repair and modification of old equipment to bring it up to date for training purposes and that sort of thing.

Mr. WIGGLESWORTH. Well, I notice that you got along with $681,642 in 1951.

Admiral WALLIN. Yes.

Mr. WIGGLESWORTH. You want 300 percent of that in 1952 and 400 percent of it in 1953. It looks like a pretty rapid step-up insofar as the information that has been given to us so far is concerned.

Admiral WALLIN. That is necessitated primarily by the expansion of the need for training reservists. The bulk of the reservists on active duty——

Mr. WIGGLESWORTH. You have the same number of training ships, you tell us.

Admiral WALLIN. Yes.

Mr. WIGGLESWORTH. You have fewer overhauls, three-quarters as many overhauls.

Admiral WALLIN. Yes.

Mr. WIGGLESWORTH. You have only a 7-percent increase in your facilities.

Admiral CLEXTON. The cost of overhaul and the cost of operating the ships are in budget activities 3A (1), (2), and (3) and 3D (1) and (2). In those activities we have a reduction of 50 percent in the amount of money requested.

Mr. WIGGLESWORTH. They are not reflected in the item that we are talking about?

Admiral CLEXTON. No; 3D includes just the shore facilities.

INCREASE IN SHORE FACILITIES

Mr. WIGGLESWORTH. Shore facilities, you tell us, have gone up 7 percent, and you request here an increase of 400 percent, or 50 percent, according to which year you compare the request with.

Admiral WALLIN. The ships are ships in being, and they have been rounded out, but these training centers have not been as far as this equipment is concerned for training ashore, and we expect this program to pretty much round out the requirements for equipping armories to handle the training of reservists ashore.

Mr. WIGGLESWORTH. This item should disappear next year?

Admiral WALLIN. No, sir.

Mr. WIGGLESWORTH. It should for all practical purposes.

Admiral WALLIN. No, sir; it would not disappear. It cannot. We still have the maintenance and operation of it, and keeping it up to date. There will be modifications required.

Mr. WIGGLESWORTH. As far as procurement and installation are concerned, it should disappear?

Admiral WALLIN. Except for the new items; yes. There will be some new items.

Mr. WIGGLESWORTH. I thought you said that you were going to complete the new items with this program. Are you, or are you not?

Admiral WALLIN. What I mean to say is that there will always be new items coming up. We try to train the reservists with modern equipment, and if we go, for instance, into electronics, it will be necessary to install modern electronic equipment in some of these armories.

Mr. WIGGLESWORTH. Well, you would be pretty well off if you got this year's request for both items, would you not, in this respect?

Admiral WALLIN. I would say no, Mr. Wigglesworth; for the reason that the Navy is confronted now with the necessity of training very large number of reservists to replace those who are going from active duty to inactive duty beginning about now, and continuing well into the fall—into 1953.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Mr. WIGGLESWORTH. It just seems to me that 714 training facilities is 714 training facilities.

Admiral WALLIN. Yes.

Fuel for Ships

Mr. Sheppard. We will take up the next budget activity, No. 4, Fuel for Ships.

We will insert the tabulation at the top of page 10–42 in the record at this point.

No.	Project	1951 actual	1952 estimate	1953 estimate
4A	Fuel, water, and utility services for ships	$64,046,270	$71,988,000	$83,911,000
4B	Fuel, water and utility services for Naval Reserve vessels	1,207,000	1,000,000	837,000
	Total direct obligations	65,253,270	72,988,000	84,748,000

UNEXPENDED BALANCES

The unexpended balance under "Activity 4. Fuel for ships on December 31, 1951," was $47,853,498.

Mr. Sheppard. I find that this item is broken down into two categories—4–A and 4–B. Your total estimate reflected in 1953 is $84,748,000. Your estimate for 1952 was $72,988,000. This shows an increase of $11,760,000 for these two activities.

UTILITY SERVICES FOR SHIPS

We will take up item 4–A, "Fuel, water, and utility services for ships."

For 1953 you want $83,911,000, and in 1952 you had $71,988,000. This shows an increase of $11,923,000.

We will insert the justification of funds requested on page 10–42.

Financial requirements are primarily for the propulsion fuels to be consumed by ships of the active fleet. The quantities of these fuels have been ascertained by direct reference to the number of ships in the fleet and the number of hours per month that the Chief of Naval Operations has planned for each type of ship to be under way.

Mr. Sheppard. Make a presentation of your justification for the items I have referred to.

Admiral Wallin. The increase in the budget for 1953 is required by the larger fleet, plus the steaming time computations that have been made.

If you would like the details on that, they have been worked out and are available here for presentation by Lieutenant Commander Herrick, who handles this regularly.

Mr. Sheppard. With reference to project 4–A, which is definitely in the category of fuel, water, and utility services, for ships, what utility service would be applied to the ships?

Commander Herrick. Utilities there are steam and electricity and water utilities that the ships of the active fleet obtain when they tie up alongside a dock, either at commercial sources or navy yards, which cost is charged to those ships when they are using those services.

Mr. Sheppard. Insofar as the ships are concerned at the time they are docked, irrespective of their ability to produce their own electrical requirements, you do hook them up to shore facilities; is that it?

Commander Herrick. No, sir. I think that it depends upon the circumstances.

Admiral WALLIN. It depends upon the circumstances at the shipyard or the commercial pier where they happen to be. Oftentimes the ship will continue its own power.

Mr. SHEPPARD. In other words, when the ships do go into a tie-up status, it depends upon the conditions that prevail as to whether you actually utilize these services from shoreside, or whether you use those that are made available on shipboard?

Admiral WALLIN. Exactly.

Mr. SHEPPARD. I assume insofar as water is concerned, that would depend upon the depletion of the supply that was on board ship; is that correct?

Admiral WALLIN. If they are going to be there any time at all, water is furnished to them because the water available at the tie-up place would not be satisfactory for use in their evaporators without a lot of trouble.

Mr. SHEPPARD. Does the same explanation apply to item 4–B for fuel, water and utility services for Naval Reserve vessels?

Admiral WALLIN. It is exactly the same.

Mr. SHEPPARD. There is a lesser dollar requirement, but there is also a lesser demand, I assume.

Admiral WALLIN. That is correct.

STEAMING HOURS AS A BASIS FOR FUND REQUEST

Mr. SHEPPARD. With reference to the breakdown that is indicated in the center of page 10–43, I notice your steaming hours per month are the same both for 1952 and 1953.

What is the relation of these factors to the fact that we have the Korean operations this year, but for budget purposes the Korean operations are not included in the next fiscal year; so to what degree does that assumption affect this presentation, if any?

Commander HERRICK. It does not affect it at all. The 1952 budget is also on the same basis, and peacetime operating factors would be used. The Chief of Naval Operations has established these hours that you see there for each year, and we have computed the budget accordingly.

Mr. SHEPPARD. In other words, you have used your operational experience as a yardstick to project these conclusions? Is that correct?

Commander HERRICK. We have used, sir, the planned steaming hours that the Chief of Naval Operations has given to us.

Mr. SHEPPARD. You have to have a background of experience.

Commander HERRICK. We have used our experience for the consumption rates for the ships; yes.

Mr. SHEPPARD. I notice here, gentlemen, reflected in the third column from the left your actual steaming hours per month is reflected at 1,228. Your planned steaming hours per month for 1952 were 1,470, and your planned steaming hours for 1953 are presently being estimated at 1,750. Are those totals right, Captain?

Captain SEABRING. They are sir.

FUEL COSTS PER HOUR—"ESSEX" CARRIER

Mr. SHEPPARD. Will you please give us an example of fuel consumption and cost per hour for some of the ships so that we can get the picture from that aspect?

Commander HERRICK. I have a fairly representative example here. This is an *Essex*-type carrier. We have found from experience that they consume an average of 58 barrels an hour when they are under way. That is their peacetime consumption and the experience that we have had.

By the same token, when they are at anchor producing their own utilities and using their own fuel, they consume nine barrels an hour.

The Chief of Naval Operations, as we have indicated on our sheet there, planned the ships will steam 280 hours per month. Multiplying one by the other, we come up with the fact this type of carrier will use 20,290 barrels of fuel oil per month at a cost of fuel oil at current prices to operate that carrier for 1 month, and that will be $45,954.

Mr. SHEPPARD. Insofar as the breakdown pertains to the descriptive subject matter, that is, ships, major combatant, submarines, experimental, mine vessels, patrol vessels, amphibious vessels, and auxiliary vessels, you have used the criteria, I presume, in order to reproduce your financial requirements as they are presented in your budget for 1953?

Commander HERRICK. Yes, that is correct. We have taken every individual ship and every type of ship that is in actual commission and rated it right down to the hour and their rate of consumption for that type.

Mr. SHEPPARD. And if it should be necessary for the members of the committee to go into details, those details are available, in order to show the method of procedure as to how this was computed, aside from the chart that you have just presented to us?

Commander HERRICK. Yes, they are, Mr. Chairman.

EFFECT OF KOREAN WAR ON ESTIMATES

Mr. WIGGLESWORTH. I understood you to tell the chairman that the planned hours of steaming have nothing whatever to do with any operations in Korea, in either fiscal year 1952 or 1953?

Commander HERRICK. The Chief of Naval Operations, sir, has established the steaming hours and the amount that they plan for the vessels in the fleet to steam these respective years.

Mr. WIGGLESWORTH. On the assumption that Korea is out of the picture entirely?

Admiral WALLIN. We do not know their assumption, Mr. Wigglesworth, So far as our computation is concerned——

Mr. WIGGLESWORTH. It makes a difference certainly in the computation whether you assume that it is included or whether it is not included.

Admiral WALLIN. It makes a difference, but the computation of 280 steaming hours per month is made by the Chief of Naval Operations, not by the Bureau of Ships, or the Bureau of Supplies and Accounts. We use that figure as a basis for the computation of fuel requirements, and the cost thereof.

Mr. WIGGLESWORTH. You do not know the basis of these computations?

Admiral WALLIN. I do not.

Mr. WIGGLESWORTH. Who can justify them before the committee?

Admiral CLEXTON. They are peacetime steaming hours. There is a definite peacetime planned steaming hour, and there is a wartime

planned steaming hour, and these hours used for 1953 are the peacetime planned steaming hours. They would be much greater than this if war operations were contemplated.

Mr. WIGGLESWORTH. Do you mean by that that the planned steaming hours for 1952 have nothing to do with the actual steaming hours during 1952?

Admiral CLEXTON. There is information available on the obligations of this appropriation at this time, is there not? The obligations would indicate how the steaming hours were planned and how they were progressing at this time. Do you have that?

Commander HERRICK. The total obligations as of January 31, from the money point of view, amount to $44,224,017, which is 60 percent of the total amount of the money appropriated for 1952.

Mr. WIGGLESWORTH. In 7 months. You said January 31?

Commander HERRICK. Yes.

Mr. WIGGLESWORTH. That would indicate, I take it, that if we should include Korea the indicated requirements would be something like 10 percent over and above what this estimate would call for?

Commander HERRICK. I think that we would use more money and more fuel than we will in 1953 in the event there is Korea.

Mr. WIGGLESWORTH. That is obvious, I would think. What I am trying to get at is whether these estimates have anything to do with reality. Including Korea, and according to the figures that you just gave me I would say that they are about 10 percent short.

Admiral WALLIN. I would say, Mr. Wigglesworth, that the obligations which indicate 60 percent of the 1952 budget within the 7 months covered include all the operations that the Navy has carried out with its ships in the fiscal year to that date.

Mr. WIGGLESWORTH. Including Korea?

Admiral WALLIN. Which would include the Korean operation—ships having to do with that operation.

Mr. WIGGLESWORTH. For the purpose of a rough computation, if you divide 60 percent by 7 you get about 9 percent a month, or that would give you 108 percent in 12 months, or you would be about 8 or 10 percent shy of actual experience.

Admiral WALLIN. It looks like a slight deficiency in the 1952 budget is possible.

Mr. WIGGLESWORTH. But these requests, as I understand it, are not supposed to cover the Korean operations at all?

Admiral WALLIN. We are not permitted to budget for the Korean operations as such.

Mr. WIGGLESWORTH. I do not know what you mean by "as such," but I understood that you were not supposed to budget for the Korean operations in either year, period.

Admiral CLEXTON. That is correct, sir, and there are different tables for operation under wartime conditions as against peacetime conditions, and these are the peacetime tables which we used in 1952 and 1953.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

PRICE CHANGES FOR FUEL

Mr. WIGGLESWORTH. This assumes the same prices for 1953 as in 1952, I take it?

Admiral CLEXTON. No, sir; there are changes in prices. There are differences, some go down and some go up.

Mr. WIGGLESWORTH. I jumped at that conclusion because I thought the difference in your request was reflected by 280 hours, planned hours of steaming planned for one experimental ship, for which no planned hours of steaming were apparently provided in the fiscal year 1952.

Admiral CLEXTON. Off the record.

(Discussion off the record.)

Lieutenant Commander HERRICK. These prices were established actually for the period January 1 to June 30, 1952. They were current prices at the time in the Armed Services Petroleum Purchasing Agency which does all of the procurement for the Navy, and they do their procurement on a 6 months' contractual basis. This was the average for their Navy contracts at that time.

Mr. WIGGLESWORTH. Well, the chief difference in price is a 12-cent increase, from $2.06 to $2.18 for fuel oil. As of what date was that $2.18 determined?

Lieutenant Commander HERRICK. Those are the current contractual prices, Mr. Wigglesworth, existing during the period from January 1 to June 30, actually.

Mr. WIGGLESWORTH. I am talking about the cost of fuel oil in the fiscal year 1953.

Lieutenant Commander HERRICK. Yes, sir; as of January 1, 1952.

Mr. WIGGLESWORTH. January 1, 1952.

Lieutenant Commander HERRICK. Those were contracted under the budget ground rules, but these are current prices.

Mr. WIGGLESWORTH. And the January 1, 1952, date governs all prices, the price of fuel oil, Diesel oil, motor gas, and aviation gas?

Lieutenant Commander HERRICK. Yes, sir.

Mr. WIGGLESWORTH. Off the record.

(Discussion off the record.)

Mr. WIGGLESWORTH. How do you get 1,116 ship-years out of 1,103 ships?

OPERATIONAL SHIP-YEARS

Captain SEABRING. Each individual ship-year is computed by multiplying the number of months that each individual ship is in operation by that ship and adding the total ship-months and dividing by 12 which will give you the average number of ship-years.

Mr. WIGGLESWORTH. Well, if 1,103 ships are in operation for 12 months continuously you would only get 1,103 ship-years, would you not?

Captain SEABRING. That is correct.

Mr. WIGGLESWORTH. And you have 1,116.8 here.

Captain SEABRING. There are some going in and some coming out.

Admiral WALLIN. One thousand one hundred and three is the average established not month by month as was the case in the fuel computation but at the beginning of the year and at the end of the year, taking the average.

Captain SEABRING. That is correct.

Admiral WALLIN. Whereas this figure is a month-for-month average, and it turns out to be a little higher, which it can be.

This is a refined mathematical process. In other words, as compared with the 1,103 straight average which is based on 2 figures, this is based on 12 figures.

Mr. WIGGLESWORTH. That is all, Mr. Chairman.

USE OF AVIATION GAS

Mr. SHEPPARD. I would like to ask a couple of questions before we leave this. Why do we find aviation gas reflected on page 10–44?

Lieutenant Commander HERRICK. There are certain small craft that use aviation gasoline. The decrease is primarily because in 1952 we budgeted for four PT boats.

Mr. SHEPPARD. The number of small craft you use is very limited, is it not?

Lieutenant Commander HERRICK. Yes, sir.

PLANNED AND ACTUAL FUEL REQUIREMENTS VARIATION

Mr. SHEPPARD. What is the variation item amounting to $19,432,000 which is shown at the bottom of the tabulation here?

Lieutenant Commander HERRICK. The Bureau of the Budget has seen fit in the past, because the moneys have not been spent and the ships have apparently not steamed the planned number of steaming hours to reduce it by that amount.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

REDUCTION IN AVIATION GAS COST

Mr. SHEPPARD. Why is the unit cost of aviation gas lower in 1952 than in 1951, and likewise in 1953 as compared with 1952? Is that related to the so-called posted price on the oil market, with which you have to deal when you are procuring gas, oil, and so forth?

Lieutenant Commander HERRICK. That is correct. We have to obtain our price figures from the Armed Services Petroleum Purchasing Agency, and these prices were their current market prices at the time this budget was prepared.

UTILITY SERVICES, NAVAL RESERVE

Mr. SHEPPARD. With reference to item 4B, what was the change in load factors for Naval Reserve vessels?

Lieutenant Commander HERRICK. Although we have a specified number of vessels, Mr. Chairman, in the Naval Reserve training group we base this budget rather on the expenditures. They have not been steaming the hours, apparently, which the Chief of Naval Operations planned them to steam. They have not been spending the appropriation, and, therefore, we have reduced the amount each year trying to get down to a point of what their actual expenditures will be.

Mr. SHEPPARD. I do not seem to find a variance factor or deduction in the computation of these items similar to the one we discussed for the active fleet. What is the reason for that?

Lieutenant Commander HERRICK. The variance factor is the reduced amount from the total amount appropriated, rather than from each of the subactivities.

Mr. SHEPPARD. In other words, it is a total compilation instead of being broken down into these respective categories; is that right?

Lieutenant Commander HERRICK. Yes, sir.

Mr. WIGGLESWORTH. Is this applicable to the 103 ships we spoke of previously?

Lieutenant Commander HERRICK. On reserve training?

Mr. WIGGLESWORTH. Yes.

Lieutenant Commander HERRICK. Yes, sir.

OBLIGATIONS, COMMITMENTS, AND EXPENDITURES

Mr. WIGGLESWORTH. And you say you have no schedule on steaming hours. What are the obligations as of December 31, and what are the expenditures?

Lieutenant Commander HERRICK. The commitments and obligations, sir, as of December 31 were $500,279, which is 50 percent of the amount appropriated.

Mr. WIGGLESWORTH. What are the actual expenditures?

Lieutenant Commander HERRICK. The actual expenditures were only $279,758, which is 28 percent of the total amount appropriated. For that reason, because the expenditures do not come up to the planned obligations we have reduced the budget to $837,000 for 1953.

Mr. WIGGLESWORTH. That is all.

ELECTRONICS

Mr. SHEPPARD. All right, gentlemen, we will pick up the next budget activity No. 5, electronics.

We will insert page 10–46 in the record at this point.

(The matter referred to is as follows:)

Number	Project	1951 actual	1952 estimate	1953 estimate
5A	Radio communications	$135,780,664	$69,940,700	$34,213,000
5B	Radar	184,471,379	87,105,300	20,944,000
5C	Sonar	77,114,429	47,361,400	21,610,000
5D	Countermeasures	28,429,368	28,151,000	8,751,000
5E	Cryptographic aids	6,266,275	7,069,400	10,237,000
5F	Electron tubes	46,428,784	20,567,500	9,100,000
5G	Electronic maintenance parts	43,457,698	20,573,200	5,600,000
5H	Radiac	10,711,432	16,084,300	8,079,000
5I	Infrared	1,372,455	2,505,000	3,610,000
5J	Test equipment	18,288,914	16,561,100	5,000,000
5K	Engineering services	6,100,994	8,707,200	16,625,000
5L	Production facilities for electronics		9,300,000	
5M	Training aids		6,723,000	
	Total direct obligations	558,422,392	340,649,100	143,589,000

UNEXPENDED BALANCE

The unexpended balance under Activity 5, Electronics on December 31, 1951 was $344,914,689.

Mr. SHEPPARD. I see your total estimate, covering a series of subprojects, starting with 5A and including 5M, for 1953 is $143,589,000. Your estimate for 1952 was $340,649,100, which reflects a decrease for the total of the objects I have referred to of $197,060,100.

We will insert the table on page 10–47 of the justifications in the record at this point.

(The matter referred to is as follows:)

Activity No. 5. Electronics, of the appropriation "Ships and facilities" provides funds for electronic material, engineering services and production facilities expansion, and is divided into projects tabulated above for administrative purposes. Following are the four major program objectives showing amount for each fiscal year:

Number	Program objective	1951 actual	1952 estimate	1953 estimate
I	Major procurement, electronics	$422,451,355	$249,473,600	$83,139,000
II	Maintenance and operation, ships, electronics	126,792,180	72,125,500	57,325,000
III	Maintenance and operation, shore, electronics	9,178,,857	9,750,000	3,125,000
IV	Production facilities for electronics		9,300,000	
	Total, direct obligations	558,422,392	340,649,100	143,589,000

MAJOR PROCUREMENT, ELECTRONICS

Mr. SHEPPARD. With reference to object No. 1 on page 10–47 of your justifications, "Major procurement, electronics," there is a decided decrease in your 1953 estimte as compared with your 1952 estimate, to wit, your estimate for 1953 is $83,139,000, and in 1952 it was $249,473,600.

Now, briefly, give me the reason for the decrease in this fiscal year as compared with last year.

Admiral WALLIN. I would suggest that the justifications on page 10–48 be included in the record as giving the reasons for this reduction. However, I might say generally that the reduction is found to be possible because of the progress made in the program thus far over the past years of improving the electronics equipments in the fleet. Practically all of the money in this activity is for the procurement of material, electronics equipments, parts, spares, and so forth.

Mr. SHEPPARD. Well, we have found heretofore that testimony has indicated the extreme stress on electronic requirements. That was the subject matter that brought my attention so forcibly to the decrease in your 1953 estimate. Am I to assume from that that your electronic procurement in 1953 is dropping because of the availability of it in stock or modification of stock, or just what is the reason for it?

Admiral WALLIN. A combination of circumstances which I would like to mention. First, it was necessary in the preceeding 2 years to get production rolling in electronics by giving the contractors an opportunity to work on military requirements while commercial requirements were being cut back to establish lines of production in case of mobilization. Those lines of production have been pretty well established now and the funds requested in this appropriation we think would be sufficient to maintain those lines of production without further important increase. That is one point.

Mr. SHEPPARD. In other words, then, you got your production of electronics into effect, but it cost you a greater sum of money to get the production momentum up to its present level, and having attained that in your 1952 budget you have the availability of your already established production line without upping the cost, as it were, on the original concept?

Admiral WALLIN. Yes, sir.

Mr. SHEPPARD. So, through that method of procedure and analysis you have been able to come up with an estimate of $83,000,000 for 1953 against the much higher estimate which you had for 1952?

Admiral WALLIN. Yes, sir.

MAINTENANCE AND OPERATION, SHIPS

Mr. SHEPPARD. Now, in your maintenance and operation, ships—electronics, you are asking for $57,325,000 in 1952, which is a reduction from your 1952 figure of $72,125,500.

Now, explain that decrease. Is it parallel with the description that you gave me pertaining to the first decrease, or is there a difference by and between the two reasons for this reflected decrease in your request for 1953?

Admiral WALLIN. There is a difference, but the reasons that I gave for the first likewise apply in considerable degree to the second.

In addition to that, the Chief of Naval Operations has taken a very strong position regarding electronics requirements aboard ship, with a view to minimizing, as much as possible, the number of new installations to go on naval vessels, and that also is reflected in this budget estimate.

Mr. SHEPPARD. Well, gentlemen, at the moment, it does not look compatible. In other words, if we are receiving into our operations a multiplicity of electronic devices, and many of them in the new fields, this would either, in my opinion, reflect the fact that due to the newness and not service application that we have reduced our maintenance and were applying it to those we had already in stock, or using the older class of electronic function. Is that a reasonable assumption or not?

Admiral WALLIN. Off the record.

(Discussion off the record.)

Admiral WALLIN. I will introduce our electronics expert here, Captain Countryman, to comment on that.

Mr. SHEPPARD. Now, will you explain the words that are reflected in item 2, on page 10-47?

Captain COUNTRYMAN. Under "Maintenance and operation, ships," we include only material required for maintenance. For example, insulators, wire, switchboards, and synchro-amplifiers, and items that cannot be procured under major equipment money. There is no labor involved. They are part of the odds and ends which are required to keep the gear operating and to initially install it. All tubes, and all maintenance and repair parts are included.

We also procure all radiological detection devices for the entire Navy under either category 2 or category 3.

Mr. SHEPPARD. Well, again I address myself to the question, and perhaps I did not make it clear. I know your components that go into the total function fall within this category, but because of your procurements in 1952 you would have a considerably larger amount of equipment to maintain than you would have in 1953. At least that is assumptive upon my part, and, apparently, from your statement I am in error, and I am trying to clear that up for the record.

PROCUREMENT LEAD-TIME

Captain COUNTRYMAN. Mr. Chairman, part of the reason is due to the fact that our major procurement has a manufacturing lead-time of between 20 and 24 months. It is considered uneconomical to procure installation material and keep it on the shelf for a period of 1 to 2 years. The installation material to install 1952 major equipment of approximately $249,000,000 will be budgeted for in 1954 for the installation of this equipment.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Mr. SHEPPARD. Your explanation undoubtedly is the correct one, but I wish you would clear it up for me, because I find in looking at the subject matter reflected under item 2, page 10–47 that in 1951 you had $126,792,180, and in 1952 the sum of $72,125,500, which, in my addition, is a total of $198,917,680.

Now, is the subject matter reflected on page 10–50 an explanation for the accumulation of funds referred to in 1951 and 1952 which reflects a lesser request in 1953?

Captain COUNTRYMAN. Yes, sir; particularly in the field of vacuum tubes and maintenance parts, a total of approximately $86,000,000 was spent in 1951 to establish inventories, and to assist industry in a change from certain civilian production to military production.

The same thing is applicable in the field of test equipment. There has been a consistent reduction from 1951 to 1952 to our estimated 1953 requirements in this category.

Mr. SHEPPARD. While we are on that item and addressing ourselves to the explanation, I accept that as the reason for the reflected difference in your 1953 estimate.

ENGINEERING SERVICES INCREASE

However, I would like to address myself to the increase which is reflected in your engineering services, comparing 1951, 1952, and 1953, because the reverse takes place there, and we find a steady increase from a low of $5,775,994 in 1951 to $8 million-plus and $15,750,000 in your estimate for 1953.

Captain COUNTRYMAN. The requirement for increased funds in engineering services is due primarily to the vastly increasing complexity of modern electronic equipment. Expert engineers from the manufacturers of this equipment, in many cases men who helped design the equipment, are contracted for to assist in installation and maintenance, and especially in the instruction of Navy personnel, both civilian and in the electronic technician ratings.

The majority of these engineers are assigned to the commander of the service force in the Atlantic and Pacific Fleets, while the balance, with a few exceptions, are distributed among the naval shipyards and industrial managers.

During 1952 we have had an average to date of 556 of these engineers representing 10 leading manufacturers.

Our requirements for 1953 are 782. We will reach that figure immediately after the 1st of July in the current year.

Mr. SHEPPARD. I think that covers your engineering service specification enough at the moment.

MAINTENANCE AND OPERATION, SHORE, ELECTRONICS

Gentlemen, let us pick up No. 3, which is "Maintenance and operation, shore electronics." As reflected on page 10–47 of your justification your estimate for 1953 is $3,125,000, and in 1952 your estimate was $9,750,000, and in 1951 it was $9,178,857. Now, that shows a decrease when you compare your estimates for 1952 and 1953.

I wish you would describe maintenance and operation, shore electronics as those words are applied here in our justification, and then tell us about the decrease.

Captain COUNTRYMAN. "Maintenance and operation, shore," represents the installation and maintenance of material required for the various equipment categories, such as radio, radar, sonar, and so forth. In general the explanation for the sizable reduction of funds is the same as for the reduction of this category of equipment for ships.

All cryptographic aids, by which is meant devices to insure that our communications are not intercepted are procured with the maintenance and operation funds.

It was obviously necessary to equip all shore stations initially, and reference to page 10–51 will show that in 1951 and 1952 approximately $3,000,000 was required in this category, and that has dropped to $500,000 in 1953.

Mr. SHEPPARD. That is under the title of "Cryptographic aids"?

Captain COUNTRYMAN. Yes, sir.

Mr. SHEPPARD. Well, I see the same thing is reflected, in general, in your test equipment. In other words, your 1952 estimate is reflected there as $16,037,257, but you have dropped back to $4,200,000 in your 1953 estimate.

Captain COUNTRYMAN. Yes, sir.

PRODUCTION FACILITIES FOR ELECTRONICS

Mr. SHEPPARD. Now, with reference to item No. 4, "Production facilities for electronics," there is nothing reflected for 1953, so there is no particular occasion for examining into that.

We will insert in the record pages 10–53, 10–54, and 10–55.

(The matter referred to is as follows:)

The following table illustrates the functional requirements for electronic material by the Bureau of Ships during fiscal year 1953. This table indicates the end-use of the electronic equipment and material justified under the four program objectives. The total funds requested, $143,589,000, do not represent the total needs during 1953, but they represent the funds which can be most efficiently programed. This amount has been reached by carefully screening the electronic equipment programs over a 3-year period. Since funds were appropriated during 1951, studies have been made of all production schedules, thus reducing the funding required in 1953.

Functional requirements	1951 actual	1952 estimate	1953 estimate
Ships, Active Fleet	$326,260,226	$169,599,000	$48,592,000
Ships, Reserve Fleet		5,500,000	5,241,000
Training, Reserves	667,091	751,500	1,135,000
Military Sea Transportation Service	789,390	900,000	1,998,000
Coast Guard	1,480,000	2,000,000	2,011,000
Advanced bases	3,621,615	7,692,500	9,729,000
Harbor defense	2,620,000	5,482,400	
Training, Regular Navy	32,110,990	30,229,000	2,473,000
Shore establishment	1,222,000	1,465,000	1,562,000
Supply support	185,381,037	92,729,700	60,450,000
Service evaluation	4,270,043	15,000,000	10,398,000
Expansion of production facilities		9,300,000	
Total direct obligations	558,422,392	340,649,100	143,589,000

Ships, Active Fleet.—The amount of $48,592,000 is requested for major procurement of the latest types of electronic devices which can be scheduled for production during fiscal year 1953. The details of these procurement schedules have been approved by the Secretary of the Navy and the Secretary of Defense and are available in separate classified documents.

Ships, Reserve Fleet.—The amount of $5,241,000 is requested for electronic devices required by vessels in the Reserve Fleet necessary to make them operable with the Active Fleet upon mobilization.

Training, Reserves.—Procurement of newer types of electronic devices for training of the civilian components of the Navy is planned in 1953. The amount requested is $1,135,000.

Military Sea Transportation Service.—In order to carry out the obligations of the Bureau of Ships to provide certain military types of electronic devices required by MSTS, the amount of $1,998,000 is required during fiscal year 1953.

Coast Guard.—The Secretary of the Navy, by agreement with the Secretary of the Treasury, has committed the Bureau of Ships to provide military requirements of the Coast Guard. $2,011,000 is requested for the procurement of the latest types of electronic equipment required to outfit the Coast Guard during fiscal year 1953.

Advanced bases.—The amount requested $9,729,000, represents the Bureau of Ships contribution of major electronic equipment to the advanced base program approved by the Chief of Naval Operations.

Training, Regular Navy.—In order that naval personnel may be trained with the latest electronic devices procured by the Bureau of Ships, $2,473,000 is requested for 1953 for equipment to be installed in the various service schools.

Shore Establishment.—The Bureau of Ships request $1,562,000 for procurement of electronic equipment required by fleet commands ashore, naval shipyards and laboratories.

Supply support.—This program provides the funds required for expendable items such as electron tubes, maintenance repair parts and components, cryptographic aids, test equipment, and engineering services. During 1953 no major procurement is planned for supply support. Of the amount requested, $14,700,000 is planned for Electronic Supply Office, Great Lakes, for the procurement of electron tubes for the entire Naval Establishment and for maintenance repair parts required by the Bureau of Ships activities and naval training.

Service evaluation.—In order that results of research and development projects in the field of electronics may be made ready for production of major end-items the amount of $10,398,000 is requested to finance the procurement of token amounts of electronic devices which may be made available to operational development forces and laboratories for service evaluation. This program bridges the gap between development and production at a great saving to the Navy and makes available to subsequent production contractors a prototype model with manufacturing drawings and bills of material.

Expansion of production facilities.—No funds are requested for financing of expansion of private industry in the field of electronics by the Bureau of Ships.

SHIPS, ACTIVE FLEET

Mr. SHEPPARD. I call your attention to "Ships, Active Fleet", in which your estimated requirement for 1953 is reflected as $48,592,000, as compared with your estimate for 1952 which was $169,599,000, which shows a sharp decrease. Briefly, tell us about that item.

Captain COUNTRYMAN. We arrive at the requirements for the ships in the Active Fleet by carefully considering the capacity of industry to produce without peaks in production, and by throwing in a factor for installation availability. Every ship was considered individually, and every piece of equipment was considered individually. We procure only sufficient to keep the industrial production line operating, and only what we know can be installed.

SHIPS, RESERVE FLEET

Mr. SHEPPARD. Now, with reference to what appears to be a rather unparalleled concept, the next item is "Ships, Reserve Fleet." Your estimate for 1953 is $5,241,000, and in 1952 it was $5,500,000, which shows a slight deviation as reflected in your ships in the Active Fleet as compared with that of the Reserve. Why is there that difference?

Captain COUNTRYMAN. We budget only for specific installations in the Reserve Fleet, and in 1953, it is for the installation of ultra-high-frequency radio communications to permit ships to operate with the Active Fleet in case they are called out of the Reserve.

MILITARY SEA TRANSPORTATION SERVICE

Mr. SHEPPARD. I find another item reflected in your estimate for "Military sea transportation service." Your estimate for 1953 is $1,998,000, and in 1952 it was only $900,000.

Captain COUNTRYMAN. Off the record.

(Discussion off the record.)

SUPPLY SUPPORT

Mr. SHEPPARD. I will address myself to another item of rather large proportions in your 1953 estimate, which is "Supply support," for which you are asking $60,450,000, whereas you had $92,729,700 in 1952.

Captain COUNTRYMAN. This total of $60,450,000 shown in supply support is the total of the two previous totals, "Maintenance and operation, ships"; and "Maintenance and operation, shore." It includes tubes, parts, cryptographic equipment, engineering services, testing equipment, and installation material.

We are making no major procurement for supply support, nothing for pipeline, stock or contingencies. We have budgeted only for our actual requirements.

INVENTORY POLICY FOR ELECTRONICS EQUIPMENT

Mr. SHEPPARD. What is the general inventory policy as regards electronic equipment? I am particularly addressing myself to the factor of obsolescence. What is the situation in general on that? Will you detail that for us?

Captain COUNTRYMAN. We have in inventory obsolete tubes which are going to be disposed of through a program to recover scarce metals. There is very little obsolescence of parts.

While the issue rate of some parts may be very low, these are, for the most part, items that are peculair to one equipment and do not wear out, but are lost through damage or breakage. We budget for a 9-month level plus the manufacturing lead time, which is approximately 12 months, or a total of 21 months.

Mr. SHEPPARD. Now, while you are dealing in a field of this character there is much of it in the so-called sensitive aspect, meaning by that that it comes out of service, operationally speaking, from mishandling and various and sundry other causes, and transportation operations that take place. Do you suffer a pretty heavy percentage of loss in your inventory from the time you take it up in your inven-

tory until it is on demand for application purposes, and if so, what is the general percentage of loss?

Captain COUNTRYMAN. Most of the losses suffered are, in effect, paper losses. They represent parts transferred to other supply activities, and collars-and-cents value lost through repricing, accounting adjustments, and transfers between categories of material. By that I mean some material now considered electronics may be considered electrical in the future and our electronics inventory will show a loss

Mr. SHEPPARD. Why, and upon what premise, do we reach a definition of phraseology that would place you in that bookkeeping category? Who is responsible for that?

Captain COUNTRYMAN. That operation is not in the Bureau of Ships; it is in the Bureau of Supplies and Accounts.

Mr. SHEPPARD. Yes.

Captain COUNTRYMAN. The budgetary work is the function of the Bureau of Ships, but the records are maintained at the Electronics Supply Office in Great Lakes, Ill., and all supply depots are under the Bureau of Supplies and Accounts.

Mr. SHEPPARD. May I address myself to you gentlemen of the budget? In other words, there is a certain field of function here that is definitely electric, and there is another field of function that is electronic. We know that, but why should there be confusion between the two, that is, the transposing of one from one field to the other at any time? In other words, when they come into inventory they are either electronic or electric, I would assume, as far as definition is concerned. Do you have any idea at this time as to why that situation might prevail?

Admiral CLEXTON. I am not certain, but I believe that it could happen through the cataloging program.

Mr. SHEPPARD. If that is the answer, when you have the opportunity, would you contact the proper source and clear that up in the record?

Admiral CLEXTON. Yes, sir.

Admiral WALLIN. There is a constant change in the material. I think some of it is classified as electrical when originally it was classified as electronic.

Mr. SHEPPARD. I can assume in that definition, which is undoubtedly correct, that we would be dealing in the past tense as far as that phase of it pertains, and not in the present tense. It seems to me that the definitions in all categories would be pretty clear-cut by now, and we would not have a repetition of this in the next budget that we have before us.

Admiral CLEXTON. Possibly not.

Mr. SHEPPARD. But I wish you would put the answer in the record at this point because it would be very helpful.

Admiral CLEXTON. Yes, sir.

(The matter referred to is as follows:)

An electrical piece of equipment may be altered in stock and on subsequent identification for cataloging would be changed to an electronic part.

REASON FOR SEPARATE ELECTRONICS BUDGET ITEM

Mr. SHEPPARD. Why are electronics budgeted as a separate activity rather than being included with the repair and alteration categories in this field?

Admiral WALLIN. They are a separate subactivity. This is procurement of material rather than installation. I think that is part of the answer. That is the budget set up in the Bureau of Ships. Actually electronics occupies a position as a full activity, whereas components are subactivities, and I think the relative importance of electronics has given it the position of being a full activity.

Mr. SHEPPARD. In other words, it is carried with its own distinction because of its prominence in the program?

Admiral WALLIN. That is correct.

Mr. SHEPPARD. Mr. Fernandez, do you have any questions?

FUNDING REQUIRED IN FUTURE YEARS

Mr. FERNANDEZ. As I understood you, you stated that the amount requested in this item, or in all these items, represents only a proportionately small portion of the total program which had been anticipated, and that the balance will be funded in future years; is that correct?

Captain COUNTRYMAN. Yes, sir.

Mr. FERNANDEZ. That does not mean, does it, that for the balance of it you have contract authority?

Captain COUNTRYMAN. No, sir.

Mr. FERNANDEZ. It only means that if this program is carried on, you will proceed only when and if Congress, through appropriations, authorizes it?

Captain COUNTRYMAN. Yes, sir; that is correct.

ENGINEERING SERVICE EMPLOYMENT

Mr. WIGGLESWORTH. I understand under your engineering service item that you had 556 this year and are requesting 782 for 1953.

Captain COUNTRYMAN. 556 is the average number on duty to date during 1952. The number on duty on June 30, 1952, will be 750.

Mr. WIGGLESWORTH. What is the comparable figure to 556 for 1953? I thought you gave us 782.

Captain COUNTRYMAN. 782 is correct, sir.

Mr. WIGGLESWORTH. What will be the average figure for 1953?

Captain COUNTRYMAN. I just arrived at that by averaging the number on duty on July 1, 1952, against the number on duty on June 30, 1953. It is extremely difficult to procure these men. Trained engineers are scarce, and they do not always report for duty just when they are supposed to.

Mr. WIGGLESWORTH. For that force of 556 you have something over $8,000,000. That, according to my mathematics, is about $15,000 per individual. What is the explanation?

Admiral WALLIN. I think the explanation of that, Mr. Wigglesworth, is that the amount budgeted for 1952 was inadequate to carry the number of people we required in this function.

Mr. WIGGLESWORTH. Well, you have $15,000 for every one of them; what are you going to do with it?

Admiral WALLIN. I misunderstood your question. Captain Countryman will answer that question. He has the data here.

Captain COUNTRYMAN. The average 1952 cost for domestic service is $1,080 per month.

The average 1952 cost for service afloat or overseas is $1,330 per month. That includes the salary, and it includes training on new equipment, and it includes all traveling expenses. It includes subsistence for the engineers if they are overseas, and it includes insurance then they are carried on naval vessels. It definitely is not excessive.

Mr. WIGGLESWORTH. It looks like a terrific figure. I wish you would furnish for the record a detailed breakdown here of what goes into the $15,000 per man that you have for 1952 when you revise your remarks.

Admiral WALLIN. All right, sir.

Mr. WIGGLESWORTH. In addition, if you got along with $8 million, roughly, for an average of 556 engineers, and you increase that average force by about 20 percent, why do you need a 100 percent increase in the funds to take care of them, over $16 million?

Captain COUNTRYMAN. We already have discussed this with the same contractors, and their prices are going up in 1953. We will not be able to place contracts for engineering services at the same level we did in 1952. The funds requested are our best estimate, based on informal conversations with the manufacturing companies who furnish the engineers.

Mr. WIGGLESWORTH. Well, offhand, it seems out of all reason to me, and I wish you would furnish in the requested tabulation a breakdown in detail of the cost for each one of these 782 men that leads you to a figure of $16,625,000 requested for the fiscal year 1953.

(The information requested is as follows:)

1. On March 20, 1952, field engineers from the following private companies were employed:

Raytheon Manufacturing Co	70
General Electric Corp	45
Westinghouse Electric Co	12
Hazeltine Corp	4
Gilfillan Brother	2
Federal Electric Co	3
Philco Co	192
Western Electric Co	115
Radio Corp. of America	99
Hopkins Engineering Co	38
Total	580

2. Field engineering employment is as follows:

	Mar 20, 1952	July 1, 1953 (est.)
Atlantic Fleet	131	200
Pacific Fleet	100	128
11 naval shipyards	268	340
Industrial manager office	14	16
Special classified programs	67	98
	580	782

The cost per man (fiscal year 1952) varies from $833.35 per month for domestic duty (Philco) to $1,353 per month for sea or overseas duty (Western Electric Co.).

For 1953 the estimated cost per man will range from $950 per month to $1,600 per month, on the same basis as above. These charges may appear high by Navy standards but are in line with commercial standards.

The contractual costs for field engineers include:

Salary
Factory training on new equipment
Traveling expenses
Insurance when afloat or overseas
Factory Administration and Supervision
Subsistence under certain conditions
Clothing allowance for unusual conditions
Field engineering reports

3. Fleet commands have pointed out the need for the expansion of this program. During 1952, the Atlantic Fleet alone will lose technical enlisted personnel to such an extent that chief and first class electronic technicians will be only 40 percent of allowance, and other electronic technicians only 65.7 percent of allowance.

4. Shipyards and industrial managers were directed on February 29, 1952, to take action to accomplish their electronics work without the use of field engineers within 18 months. This will be done by training Civil Service career employees as necessary.

5. The tabulation below shows the cost of field engineers under activity 5 of the "Ships and facilities, Navy" appropriation:

Fiscal year 1952			Fiscal year 1953 (estimated)		
Month	Number engineers	Cost	Month	Number engineers	Cost
1951—July	466	$507,257	1952—July	782	$1,020,000
August	523	531,840	August	782	1,020,000
September	521	532,345	September	782	1,020,000
October	517	545,630	October	782	1,020,000
November	548	562,389	November	782	1,020,000
December	561	570,898	December	782	1,020,000
1952—January	566	573,788	1953—January	782	1,020,000
February	558	576,000	February	782	1,020,000
March	580	600,000	March	782	1,020,000
April	642	664,000	April	782	1,020,000
May	700	725,000	May	782	1,020,000
June	[1] 750	750,000	June	782	1,020,000
Total		7,139,147	Total		12,240,000

[1] 50 to be employed on June 15.

6. There are engineering services involved other than for contract field engineers as follows:

	Fiscal year 1952	Fiscal year 1953 (estimated)
Training	$100,000	$500,000
Publications	500,000	1,000,000
Engineering services (establishing methods, conducting research into reliability, etc.).[1]	968,053	2,885,000
Total, less field engineers	1,568,053	4,385,000
Field engineers	7,139,147	12,240,000
Total	8,707,200	16,625,000

[1] In 1952 most of these costs were included in equipment contracts. In 1953 all are carried separately for more accurate budgeting and accounting purposes.

Mr. WIGGLESWORTH. Why, do most of your items show a decrease, while two items for "Cryptographic aids," and "Infrared" show increases?

(Discussion off the record.)

Mr. WIGGLESWORTH. Why is that item going up when most of them are coming down?

Captain COUNTRYMAN. Because there will be additional procurement in 1953.

Mr. WIGGLESWORTH. I assume that, but why?

Captain COUNTRYMAN. For security, sir.

Mr. WIGGLESWORTH. You have been working on this thing now 2 or 3 years, and you have everything else in shape where you can cut down. On those two items you are showing continual increases. Are you behind in your work on those two items, or what is the explanation?

Captain COUNTRYMAN. Off the record.

(Discussion off the record.)

FLEET SUPPORT FACILITIES

Mr. SHEPPARD. The committee will come to order.

We will take up budget activity No. 6, "Fleet support facilities," and we will insert page 10–56 in the record at this point.

(The tabulation referred to is as follows:)

No.	Project	1951 actual	1952 estimate	1953 estimate
6A	Naval shipyards	$94,374,662	$123,459,250	$89,662,000
6B	Other shore stations	35,574,804	38,999,887	45,891,000
6C	Fleet shore activities	19,906,898	29,779,571	40,426,000
6D	Advanced bases	264,455	22,858,500	9,202,000
6E	Laboratories	12,091,763	13,953,700	6,409,000
6F	Inspection testing and standardization	4,115,121	6,634,700	5,500,000
6G	Training facilities, Regular Navy:			
6G (1)	Procurement, installation, and maintenance of general equipment	3,677,251	3,835,000	4,000,000
6G (2)	Installation and maintenance of electronic equipment	345,118	6,923,800	6,275,000
6H	Harbor defense	799,654	5,066,600	
6I	Procurement of ship designs	2,377,500	1,250,000	3,330,000
6J	Ships allowance lists	334,562	400,000	920,000
	Total, direct obligations	173,861,788	253,161,008	211,615,000

UNEXPENDED BALANCE

The unexpended balance under activity 6, "Fleet support facilities" on December 31, 1951, was $185,196,468.

Mr. SHEPPARD. Your request for 1953 is $211,615,000. Your estimate for 1952 was $253,161,008. This reflects a decrease of $41,546,008. This activity is composed of 10 subprojects.

Admiral WALLIN. Yes.

NAVAL SHIPYARDS

Mr. SHEPPARD. The first project is 6A, "Naval shipyards." Your estimate for 1953 was $89,662,000. Your estimate for 1952 was $123,459,250. This reflects quite a decrease. I wish you would give us a general statement covering this subproject, and address yourself to the decrease reflected.

REDUCTION IN FUND REQUIREMENTS

Captain BURZYNSKI. Project 6A covers the military support services provided by 11 naval shipyards. You will notice that there is a reduction of $33,800,000 in 1953. This is the result of a $3,400,000

reduction in nonrecurring maintenance; a reduction of $1,900,000 in military support services due to reductions of reserve fleet berthing area, and the maintenance of idle-plant capacity.

There is a reduction of $28,600,000 for industrial overhead applicable to prior-year funds.

Admiral WALLIN. Explain "prior-year funds."

INDUSTRIAL OVERHEAD

Captain BURZYNSKI. Prior to 1952 we budgeted for the industrial overhead in the current budget year, and in 1952 we began budgeting for the entire cost of the project.

Mr. WIGGLESWORTH. I do not understand that.

Captain BURZYNSKI. In 1951, for example, if a project cost $10,000,000 total, and of that $5,000,000 was direct labor and $5,000,000 was industrial overhead, we would simply budget for all the direct labor, $5,000,000, and $2,500,000 for the industrial overhead applicable to that portion of the work which we estimated would be accomplished in 1951.

Then, in 1952, we would budget for the remaining $2,500,000 of the industrial overhead. That was our budget procedure for fiscal year 1951 and prior years.

Mr. WIGGLESWORTH. Now you budget for the whole amount?

Captain BURZYNSKI. For the whole cost of the project.

Admiral CLEXTON. In addition to the explanation already given, it was determined by the Bureau of the Budget that since a project order was a contract with the Government itself, it should be similar to a contract with an outside concern in our estimates.

In the case of an outside contract, the contract would be made for the entire cost of the project, whether it was accomplished in 1 year, 2 years, or 3 years.

In the case in point, in 1951, we would obtain funds for only a part of the cost of the project and the following year would have to come up for the remainder of the overhead. It was determined that this was a very difficult fiscal problem, not only from a justification standpoint, but from an accounting standpoint for the following year.

Now we issue a project order equal to the total cost of the project, regardless of whether it takes 1 year or 2 years to complete it. It is the normal way.

Mr. SHEPPARD. I would like to have you give me an explanation of what is meant by nonindustrial requirements in naval shipyards, and cite an example of what is supported under this category. I am referring to what appears on page 10–57 of your justifications, and yet falls within the purview of project 6A to which you are addressing yourself.

Captain BURZYNSKI. Primarily, shipyards normally perform industrial work, such as repair and building of ships. They also provide what you would call nonindustrial support to the naval activities in that area. For example, they will provide fuel storage facilities and berthing for the Reserve Fleet.

This project also provides for maintenance of roads, that are outside the industrial area, which you cannot charge to your customers.

Mr. SHEPPARD. What you are doing here is defining the application of funds under the appropriations requested in specific categories as closely as you can, between nonindustrial and industrial?

Captain BURZYNSKI. Yes.

Mr. SHEPPARD. I notice again reflected on page 10–57 of your justifications that you use the terminology of industrial overhead costs applied to work under prior-year project funds in the amount of $11,935,000.

Define what is actually meant by that language.

Captain BURZYNSKI. Industrial overhead costs refer to such costs as cannot be charged directly to an industrial job. For example, supervision, leave, cost of utilities, maintenance of tools, and installation of tools.

NONRECURRING ITEMS

Mr. SHEPPARD. The next item is "Nonrecurring maintenance, replacements, and additions to plants," where your estimate is reflected at $15,582,000. What do you mean by the language there, and address yourself specifically to "additions to plants."

Captain BURZYNSKI. Nonrecurring maintenance is maintenance that you cannot predict regularly. For example, the replacing of a roof is a good example. Replacements refer to where you have a 1920 model lathe and in 1952 you replace it with a 1952 model.

Additions to plants means additions less than $50,000 to permit you to carry out your work.

OTHER SHORE STATIONS

Mr. SHEPPARD. We will take up the item of "Other shore stations." You are requesting in 1953, $45,891,000. In 1952 the estimate was $38,999,887. Give me a general statement on this particular item.

Captain BURZYNSKI. Project 6B covers the maintenance and operation of shore stations such as 13 ship departments of naval stations; submarine bases; Industrial Department, San Diego, our 12 industrial manager offices and pays for the inspection of materials under the Bureau of Ships' cognizance.

Mr. SHEPPARD. And it is broken down into functions on page 10–69; is that correct?

Captain BURZYNSKI. By function and activity.

MAINTENANCE AND OPERATIONS AT SAN DIEGO

Mr. SHEPPARD. I find a rather heavy estimate reflected in 1953 which has to do with your naval station at San Diego. Just what is taking place at San Diego that requires that heavy expenditure?

Captain BURZYNSKI. At San Diego we operate an industrial department which is the equivalent of a shipyard activity. There we do primarily voyage repair type of work. This activity also does the military support service similar to a shipyard for that area.

For instance, we maintain the roads, the buildings, and that sort of thing in that area. The major work of the Industrial Department, Naval Station, San Diego, is the repair of ships.

OTHER ACTIVITIES AND FUNCTIONS

Mr. SHEPPARD. I notice another item here that I wish you would define for me: "Other activities and functions," for which you are requesting in 1953, $8,386,300.

I presume that that is an accumulation of factors covering a series of stations; is that not so?

INSPECTORS OF NAVAL MATERIAL

Captain BURZYNSKI. It is covered in detail, Mr. Chairman, on page 10–72, where it is broken down into about 10 categories. The biggest item there is inspectors of naval material.

Mr. SHEPPARD. You are asking for $7,030,000 in your estimate for 1953 for that. How many inspectors are involved in an operation of that kind?

Captain BURZYNSKI. I do not know because we operate this inspection through the Office of Naval Matériel, and this figure is based upon an estimate that the Office of Naval Matériel gave us. As an indication of the increase in material to be inspected in 1953, our current planning indicates that the value of material inspected in 1953 will be seven times greater than that in fiscal year 1951.

Mr. SHEPPARD. You mean by that you are increasing your workload that——

Captain BURZYNSKI. Sevenfold.

Mr. SHEPPARD. In relation to the dollar value that you referred to?

Captain BURZYNSKI. That is correct.

FLEET SHORE ACTIVITIES

Mr. SHEPPARD. We will take up item 6C, "Fleet shore activities." You are making a request in 1953 for $40,426,000 and in 1952 your estimate was $29,779,571. There is an increase indicated in this item. Give us in general, if you will, the requirements and why the increase.

Captain BURZYNSKI. This project covers the maintenance and operation of sea frontiers, major command headquarters, fleet command headquarters, fleet activities at Yokosuka and Sasebo, and ship-repair activities at Guam and Subic Bay. This project calls for an increase of $10,600,000 as compared with 1952.

The increase is as follows: $5,000,000 for the operation at Yokosuka and Sasebo.

There is a $4,800,000 increase at the major command headquarters.

The major command headquarters are Iceland Defense Force, some classified bases, the naval supporting activity at Naples, and the commander of the East Atlantic and Mediterranean Fleet.

There is a $685,000 increase in travel in fleet command.

JUSTIFICATION OF INCREASE

Mr. SHEPPARD. Why is that increase necessary?

Captain BURZYNSKI. In 1953 we are losing all our Reserves from the Navy, or most of them, and we are going to be manned with recruits, and these recruits have to be trained. The $685,000 reflects this change in policy and the need for additional education. This project pays for the travel of enlisted men from the ships to the school and back again to the ships.

Mr. SHEPPARD. I see under 6C major repairs, alterations, and improvements. It is reflected on page 10–84, which gives a complete across-the-board viewpoint, and to which you have previously referred so far as these activities pertain in the Atlantic Fleet.

Captain BURZYNSKI. Yes. The over-all estimate of $40,426,000 included the nonrecurring items.

Mr. SHEPPARD. That are reflected on page 10–84?

Captain BURZYNSKI. Yes.

Mr. SHEPPARD. I see further that we have very descriptive matter reproduced on page 10–85 of the justifications, sea frontiers and major command headquarters. What comment do you have to make on that issue?

Captain BURZYNSKI. On page 10–85, for example, the commander in chief, United States Atlantic Fleet, shows an increase of $200,000, and that reflects a part of the $685,000 that I mentioned in travel.

AUTOMOTIVE EQUIPMENT

Mr. SHEPPARD. I see reflected on page 10–87 under the activity or function the following: Minor construction, major nonrecurring maintenance; automotive equipment and floating drydocks.

What do you mean by automotive equipment?

Captain BURZYNSKI. Six light trucks at a cost of $8,556. Two medium trucks from 1½ to 2½ tons, $6,500. One tank and refueler truck, $4,900. One drilling, blasting, and driving equipment, $5,000. One warehouse tractor, $1,800. Three fork lift trucks, $10,464. One excavating, grading and weight-handling equipment, $15,886.

Mr. SHEPPARD. And the rest fall into the same category?

Captain BURZYNSKI. Yes. I was reading for the equipment for Sasebo, Japan.

Mr. SHEPPARD. Has that been made necessary because of obsolescence of vehicles that you have had heretofore, or is it because of a new demand?

Captain BURZYNSKI. A combination of both, Mr. Chairman.

Some are replacements and others are new equipment for that area.

Mr. SHEPPARD. Can you discern the difference between those that are new and those that are being replaced?

Captain BURZYNSKI. I do not have it here but it can be supplied for the record.

Mr. SHEPPARD. Supply it for the record at this point.

Captain BURZYNSKI. Yes. Are you referring to Sasabo?

Mr. SHEPPARD. No; all that you reflect in the sum of $930,000.

(The requested information is as follows:)

Procurement of automotive equipment for fleet shore activities, fiscal year 1953

(NOTE: All of the equipment listed below is for replacement.)

Number and type of mobile equipment to be procured:	Estimated cost
Trucks:	
84 light trucks (¼-ton up to and including 1½-ton)	$119,784
42 medium trucks (over 1½-ton up to and including 2½-ton)	136,500
3 heavy trucks (over 2½-ton)	19,556
Total	275,840
Special automotive:	
5 fire-fighting trucks and trailers	45,649
4 tank and refueler trucks	19,600
7 tank and refueler trailers	29,750
5 miscellaneous special trucks	36,000
Total	130,999
Construction and weight-handling equipment:	
2 crushing, mixing, batching and paving equipment	3,826
11 drilling, blasting, and driving equipment	55,148
20 excavating, grading, and weight-handling equipment	321,181
31 miscellaneous construction and maintenance equipment	68,166
Total	448,321
Materials-handling equipment:	
14 fork lift trucks	48,828
2 warehouse tractors	3,600
7 miscellaneous materials-handling equipment	22,412
Total	74,840
Grand total	930,000

FLOATING DRYDOCKS

Mr. SHEPPARD. I notice that your next item is floating drydocks That would mean that you are repairing more than one drydock.

Captain BURZYNSKI. Yes. I have a shopping list showing the repairs to be made at the specific drydocks.

Mr. SHEPPARD. How many floating drydocks are involved in the $1,000,000 request?

Captin BURZYNSKI. Three floating drydocks. The AFDM–5, and 18,000-ton military dock.

Mr. SHEPPARD. Do you say that the total of $1,000,000 is to be spent on three drydocks?

Captain BURZYNSKI. Three drydocks and some minor equipment, but the bulk of it is for the three drydocks.

Mr. SHEPPARD. When you say "minor equipment," that is minor equipment to be applied to the drydocks?

Captain BURZYNSKI. Floating cranes that are used around a drydock.

Mr. SHEPPARD. And associated or identified with the drydocks themselves?

Captain BURZYNSKI. Yes.

Mr. SHEPPARD. Otherwise it would not appear in the $1,000,000 presentation. You said three drydocks. What was the first one, again?

Captain BURZYNSKI. The AFDM–5, an 18,000-ton military dock.

Mr. SHEPPARD. What do you want for that?

Captain BURZYNSKI. $575,000.

ARD–18, a 3,500-ton military drydock, $235,000.

And the AFDL–3, a 1,000-ton military drydock, $140,000.

Mr. SHEPPARD. That means an expenditure of $950,000, and the balance would go to cranes, and so forth; is that right?

Captain BURZYNSKI. Yes. One floating dredge, $15,000. Overhaul and repair of two floating cranes, $35,000.

That makes a total of $1,000,000.

ADVANCED BASES

Mr. SHEPPARD. We will take up item 6D, "Advanced bases." Your request for 1953 is $9,202,000. Your request for 1952 was $22,858,500. This shows a marked decrease.

Captain BURZYNSKI. Project 6D provides for the stockpiling of critical material which will be used, if war breaks out, to immediately set up bases. The reduction of approximately $13,700,000 is the result of eliminating in 1953 the procurement of harbor defense types of material, and eliminating long-lead-time materials for 14 additional bases.

Mr. SHEPPARD. Why do we find the difference here between $9 million in your 1953 estimate and your estimate for 1952, which was $22 million plus?

Captain BURZYNSKI. The Bureau of Ships is directed by the Chief of Naval Operations in the procurement of this material, and the Chief of Naval Operations made this decision.

Mr. SHEPPARD. In other words, then, you are functioning as the agent for the Chief of Naval Operations, as far as determining the total amount functionally that will go into the operation, and that results in the figure that we are presently considering, $9,202,000?

Admiral WALLIN. Which means, Mr. Chairman, that there is a curtailment in the 1953 program regarding the stockpiling of materials for advanced bases.

Mr. SHEPPARD. That is the reason you have been able to drop back?

Admiral WALLIN. Yes, sir.

Mr. SHEPPARD. What is the status of your inventory which was accumulated out of funds for 1951 and 1952; is it still in pretty good shape?

Admiral WALLIN. Yes, sir; it is still in pretty good shape, Mr. Chairman. That will be stockpiled for advanced bases up to the present required level.

LABORATORIES

Mr. SHEPPARD. All right, gentlemen, let us pick up the next item reflected here, project 6–E, "Laboratories", in which your request for 1953 is $6,409,000, compared to your request in 1952 for $13,953,700.

Captain GATES. This project, Mr. Chairman, supports the overhead at the laboratories, plant improvement, and major nonrecurring maintenance, and the purchase of automotive vehicles. A portion of the overhead at the laboratory that is supported is that portion attributable to the prior years' funds; that is, 1951 funds which will

be carried over. As was explained earlier, the method of budgeting for overhead was changed, and this project in 1953 will support only the overhead attributable to the carry-over from 1951.

Mr. SHEPPARD. And the balance of the operational funds required is in some other appropriation requirement; is that right?

Captain GATES. Yes, sir; that is correct.

Mr. SHEPPARD. And this type of bookkeeping is an innovation, insofar as this particular appropriation pertains?

Captain GATES. Yes, sir.

LABORATORY MINOR ALTERATIONS AND IMPROVEMENTS

Mr. SHEPPARD. Now, referring to the item of $1,453,000 for minor alterations and improvements at laboratories, I know it is very difficult to draw a line of demarcation very sharply in an issue of this character, but I can infer from that statement that the alterations and improvements are strictly in the minor category and none of the funds will be diverted to so-called major improvements to the detriment of the other laboratories that we have under consideration?

Admiral WALLIN. Yes, sir; that is correct, Mr. Chairman.

AUTOMOTIVE AND RAILROAD EQUIPMENT

Mr. SHEPPARD. Now, you are mking a request here for $150,000 for automotive equipment needed to replace such items as trucks and special automotive equipment, and so forth. You also include some railroad equipment and materials. Will you address yourself to how many trucks you are going to get for the $150,000?

Captain GATES. I cannot answer that question, sir. It is included in the shipping list we have.

Mr. SHEPPARD. If you do not have it available, I want inserted in the record at this point how many trucks you are going to have, and also what type of railroad equipment is to be purchased.

Mr. ALFORD. We have it of several different types.

Mr. SHEPPARD. It is obvious to me that for that amount of money you would be rather limited in getting the heavier type of railroad equipment as such. It would be mostly absorbed by your requirements for automotive equipment. Insert your answer in the record at this point.

(The matter referred to is as follows:)

Procurement of automotive equipment for laboratories in fiscal year 1953—number and type of mobile equipment to be procured

	Estimated cost
Trucks:	
8 light trucks (¼-ton to 1½-ton)	$11,407
4 medium trucks (2½ ton)	13,000
2 heavy trucks (over 2½-ton)	13,036
1 trailer, general purpose	3,103
Subtotal	40,546
Special automotive: 3 fire-fighting trucks and trailers	27,389
Construction and weight-handling equipment:	
1 crushing, mixing, batching, and paving equipment	1,913
1 drilling, blasting equipment	5,014
2 excavating, grading and weight-handling equipment	30,410
5 miscellaneous construction and maintenance equipment	10,995
Subtotal	48,332
Materials-handling equipment:	
6 fork-lift trucks	20,926
4 miscellaneous materials-handling equipment	12,807
Subtotal	33,733
Total, procurement of mobile equipment	150,000

On page 10–90, in the last paragraph, the words "railroad equipment" were inadvertently included in the justification. No railroad equipment procurement is contemplated on fiscal year 1953 under project 6–E, "Laboratories."

INSPECTION TESTING AND STANDARDIZATION

Mr. SHEPPARD. All right, gentlemen, let us pick up 6F, inspection testing and standardization for which you are asking for $5,500,000 in your 1953 estimate. You had $6,634,700 in your 1952 estimate. You will make your presentation of that requirement.

Admiral WALLIN. The objective of the inspection and qualification phase of this project is to provide for tests and evaluations for purposes other than research and development and standardization. Included is testing of samples selected by the naval inspectors as required by some procurement specifications to determine whether items under procurement should be accepted or rejected. Costs of type or brand approval testing are borne by this program for items in demand for which there is a limited number of suppliers. This program also includes tests of new or unusual equipment, materials, processes, principles, or systems to provide information as to suitability and possible usefulness in naval service.

Prior to fiscal year 1950 inspection and qualification work was completely supported from other budget activities; part from research and development funds and part from procurement funds. This project has picked up the inspection and qualification load insofar as possible with the funds provided. By fiscal year 1953 carry-over funds from other activities will be expended and total costs of the inspection and qualification work will be required. Laboratory inspection work is expected to increase due to prototype testing of equipment under the expanded shipbuilding program. In addition, due to time required in production, procurement now under way will result in a sharp increase in the inspection testing load in fiscal year 1953.

The estimate of funds requested for standardization is based upon requirements of the Armed Forces expansion program. Accelerated development and increased procurement has resulted in a need for standardization of new and improved industrial products, specifications, and test methods. Increased demands will be placed upon the Bureau for participation in international standardization to meet the requirements of the North Atlantic Treaty Organization. As an agency within the Armed Services Electro-Standards Agency, the Navy Electro-Standards Agency assists the three departments of the Department of Defense in carrying out an orderly program of testing and standardization of manufactured components for electrical and electronic equipment. The cooperation and coordination accomplished by the three departments through this joint activity has resulted in substantial savings.

INSPECTION TESTING

Mr. SHEPPARD. I notice in the breakdown which is reflected on page 10–95 that you enumerate the following function, inspection testing. Your request for 1953 in that instance is $4,500,000. What makes that amount of money necessary for inspection testing, and what do you mean by inspection testing?

Captain GATES. Inspection testing, Mr. Chairman, is the testing of materials which are purchased by the Navy and required to be passed on by the inspectors of naval material. Samples of such materials are sent to our laboratories to be tested, and this is for the support of that testing.

Mr. SHEPPARD. In other words, we have already reviewed the request here for inspectors of naval material, and what I want to clear up is what duplication, if any, is involved in your inspection testing as against that done by your inspectors of Navy material. I wish somebody would clear that up, if you can, and draw a line of demarcation rather sharply.

Admiral WALLIN. The inspectors in the field make all the tests they can locally, but there are requirements in the specifications that samples be taken as, in the case of steel, or piping or almost any metal products, and sent to laboratories for testing to determine their compliance with regard to metallurgical composition and strength. Those tests are made in the various laboratories to which the samples are sent. The report goes back to the field inspector, and based on the report of the laboratory plus his own inspection he passes or rejects the material in question.

Mr. SHEPPARD. Should this be confused with another series of inspections of the Bureau of Supplies and Accounts in the cataloging operation, wherein there are certain mechanical devises used during the cataloging, and they inspect one article and compare it with another article to see whether its component parts are comparable with other so-called parts with a similar designation? Would this inspection inject itself into that operation, or are they completely separate one from the other?

Admiral WALLIN. If I understand you correctly, they are entirely separate, Mr. Chairman. I believe what you are referring to is the engineering examination of parts to determine whether they can be standardized and thus facilitate procurement.

Mr. SHEPPARD. You might use the word "analyze," but it has been given to us as inspection, and that is what prompted this question as to whether this was also incorporated in this other category.

Admiral WALLIN. They are entirely separate.

Mr. SHEPPARD. They are entirely separate?

Admiral WALLIN. Yes, sir.

SIMPLIFICATION OF PARTS, COMPONENTS, AND EQUIPMENT

Mr. SHEPPARD. Your next item, as broken down in functions, is the simplification of parts, components, and equipment. What do you mean by "simplification," and what is the function performed under that item?

Captain GATES. The simplification of parts, sir, is to get various parts of the same design so that they may be used interchangeably between various pumps and other types of equipment.

Mr. SHEPPARD. Is that a component part of your cataloging requirements as we have known that operation to pertain?

Admiral WALLIN. That is the first step, yes, sir, I would say.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Mr. SHEPPARD. Does the "simplification of parts, components, and equipment" as it appears in the language on page 10–95 of your justifications add to, become a part of, or contribute in any manner to the ultimate end that functions through the cataloging of materials for the purpose of utilizing them all under a common definition?

Admiral SOLOMONS. I would say that it adds to the function of cataloging, making the cataloging less complicated.

Mr. SHEPPARD. But it is not a duplication of the functions in the cataloging aspect, as we have heretofore defined it in our hearings?

Admiral SOLOMONS. No, sir.

Admiral WALLIN. I might add a little to that, Mr. Chairman, namely, that the Bureau of Ships is charged with the responsibility of preparing specifications for a large part of the materials which are carried in stock by the Bureau of Supplies and Accounts. The Bureau of Ships writes the specifications to a large degree and compares the specifications and performs the engineering work connected with considerations having to do with the utilization of those materials.

Mr. SHEPPARD. I think you will admit, Admiral, that you will not write many specifications for that amount of money.

Admiral WALLIN. The specifications are only a very small part of it, but the engineering work is a very large part of it. Before you can simplify and standardize material you have to do a lot of engineering work in connection with it.

Mr. SHEPPARD. All of these matters we are presently considering are all component parts of an operation, are they not?

We start out with inspection testing, and go into a description of testing, the simplification of parts, components and equipment, the standardization of test methods, specification development, the establishment of reference guides, the standardization of basic nomenclature, and the support of Navy Electro-Standards Agency.

SUPPORT OF NAVY ELECTRO-STANDARDS AGENCY

I would like to have you tell me about the last matter I just read you, support of Navy Electro-Standards Agency.

Captain GATES. The Navy Electro-Standards Agency is a division of the Armed Services Electro-Standards Agency, which is a three-service unit in New Jersey, which specializes in the standardization of electrical and electronic components, the standards for their testing methods, and this sum supports the Navy contingent at that Agency.

Mr. SHEPPARD. Are there any other participating agencies operating within this field, and in this particular category?

Captain GATES. Yes, sir. There are corresponding agencies in the Armed Services Electro-Standards Agency for the Army and the Air Force.

Mr. SHEPPARD. Do they all participate in this entire operation?

Captain GATES. They all participate, yes, sir.

TRAINING FACILITIES—REGULAR NAVY

Mr. SHEPPARD. Now, the next item, 6–G, is "Training facilities, Regular Navy." Your first item there reflected is 6–G (1), procurement, installation, and maintenance of general equipment. You are asking for $4,000,000 for that item in 1953 and in 1952 your estimate was $3,835,000.

Off the record.

(Discussion off the record.)

EQUIPMENT FOR TRAINING

Mr. SHEPPARD. I find reflected on page 10–99, No. 1, "Equipment for training," in which you are making a request for $2,317,000 for 1953, and your estimate in 1952 was $2,220,000. That is a slight increase.

What are the operations that are performed with your equipment for training which make this request necessary?

Captain BURZYNSKI. This item, equipment for training, covers such things as boilers, and Diesel engines, and generators that are used in training our officers and enlisted men. The training program for 1953 will be increased, as I mentioned before, because we are losing our Reserve people.

INSTALLATION AND REINSTALLATION OF EQUIPMENT FOR TRAINING

Mr. SHEPPARD. Your next item is "Installation and reinstallation of equipment for training." What is the interpretation that I should take from the word "reinstallation"? Normally it would be assumed that if you installed it once that would be the answer. Tell me why we have reinstallation here?

Captain BURZYNSKI. One of the schools is moving old equipment, or, rather, moving its equipment from one location to another. Therefore the term "reinstallation" is being used.

Mr. SHEPPARD. I notice the sum of $407,000 is requested here for 1953 as compared to $986,000 for 1952. Am I to assume from that that you are doing less installation and less reinstallation than has prevailed heretofore?

Captain BURZYNSKI. Less costly installation. As far as the dollar value of equipment is concerned we are installing more, but the cost of installation is less.

Mr. FERNANDEZ. Why is it less?

Captain BURZYNSKI. We would have to break down each type of equipment and compare the installation costs with previous years as against 1953 in order to show that.

Mr. FERNANDEZ. Can you not tell us generally?

Captain BURZYNSKI. Well, when you would have an installation of boilers it would cost more to install a boiler than it would to install a Diesel engine, for instance.

REPAIR, MODERNIZATION AND SECTIONALIZING EQUIPMENT FOR TRAINING

Mr. SHEPPARD. I notice under item 3, "Repair, modernization, and sectionalizing equipment for training" that your request for 1953 is for $100,000. I presume that the word "sectionalizing" means doing your work in sections, is that correct?

Captain BURZYNSKI. No, sir.

Mr. SHEPPARD. All right, then, let us straighten that definition out.

Captain BURZYNSKI. The term "sectionalizing" here means that you make a cross section of a piece of equipment so that you can see inside of it and see how it operates.

Mr. SHEPPARD. What is it when you get it divorced from its original component; it is just a section, is it not?

Captain BURZYNSKI. We call it sectionalizing equipment.

Mr. SHEPPARD. But it is still a section.

Captain BURZYNSKI. Yes, sir.

Admiral WALLIN. It could be used either way.

Mr. SHEPPARD. I think so.

PRODUCTION OF FILMS

I notice an item for the production of films, wherein you request $300,000 for 1953 and had the same figure for 1952. How did you happen to arrive at the same figure for both years?

Captain BURZYNSKI. Well, the estimate is based on making about 12 films during the year. The type of film would be one showing the operation of our gas turbines that are now being used in the Navy for the first time.

Mr. SHEPPARD. In other words, so we will get the record absolutely straight, the production of films as it is applied to the training program may be defined as the taking of pictures of one of the articles and their functions so they can be reproduced later and avoid them having to sit down and look at the actual Diesel engine itself, for instance?

Captain BURZYNSKI. Yes, sir.

Mr. SHEPPARD. I can only assume that your figure was arrived at by taking your low cost versus your high cost and by hitting an average in the center because no yardage of film ever turns out literally the same?

Captain BURZYNSKI. Yes, sir; it is based on an average figure of cost per film, 12 films during the year.

TRAINING FACILITIES—REGULAR NAVY—INSTALLATION AND MAINTENANCE OF ELECTRONIC EQUIPMENT

Mr. SHEPPARD. Let us pick up the next item which is reflected as being 6G (2), "Installation and maintenance of electronic equipment," wherein your request for 1953 is for $6,275,000. Your estimate in 1952 was $6,923,800, which shows a reduction in this activity. Off the record.

(Discussion off the record.)

Mr. SHEPPARD. What is involved in this operation?

Captain BURZYNSKI. This subproject covers the procurement of electronics equipment, its installation and major overhaul in approximately 125 schools in the country.

COMMAND EVALUATION AT NAVAL WAR COLLEGE

Mr. SHEPPARD. I see reflected on page 10–100, command evaluator to be installed at Naval War College, wherein there is a request for $1,510,000. You will present your justification for that requirement, please.

Admiral WALLIN. Off the record.

(Discussion off the record.)

SPECIAL IFF SYSTEM INSTALLATIONS

Mr. SHEPPARD. With reference to the first item reflected on page 10–101, entitled "Special IFF system installations," that is a very important installation, and one in the training program that I would consider of extreme importance.

Admiral WALLIN. The answer is "Yes," Mr. Chairman, one of our most important training requirements.

Mr. SHEPPARD. Has that been perfected to a degree of reasonable accuracy for training purposes?

Admiral WALLIN. Off the record.

(Discussion off the record.)

NEW EQUIPMENT FOR TRAINING FACILITIES

Mr. SHEPPARD. On page 10–101, for installation of new equipment at existing training facilities you are asking for $1,813,000. Define that requirement, please.

Captain BURZYNSKI. We have approximately 125 schools where electronics training equipment is going to be installed, and this $1,813,000 is the cost of installing it.

I have a detailed shopping list which shows the equipment and the cost of it.

(Discussion off the record.)

HARBOR DEFENSE

Mr. SHEPPARD. While this next project is reflected as 6H, harbor defense, there are no funds requested for 1953 for this particular operation; is that correct?

Captain SEABRING. Yes, sir; that is correct.

Mr. SHEPPARD. Does that mean that you may have some balance left of the 1952 estimate of $5,066,600?

Captain SEABRING. Yes, sir; that is correct, sir.

Mr. ALFORD. There have been obligations and commitments of $2,200,000.

Mr. WIGGLESWORTH. As of what date?

Mr. ALFORD. January 31, sir.

Mr. WIGGLESWORTH. What are the obligations alone?

Mr. ALFORD. In the obligations alone are $120,000, Mr. Wigglesworth.

PROCUREMENT OF SHIP DESIGNS

Mr. SHEPPARD. Very well, we will pick up the next item, which is project 61, "Procurement of ship designs," wherein your estimate for 1953 is $3,330,000, and your estimate for 1952 was $1,250,000.

Is this where the Merritt-Chapman people came into the picture?

Admiral WALLIN. No, sir, Merritt-Chapman came in only for salvage work not on ship design work. A considerable number of ship design agencies do come in.

Mr. SHEPPARD. In other words, your ship designs are done on a contractual basis?

Admiral WALLIN. Yes; many of them are. We do a great many of them in the Bureau and farm out to top design companies what we are unable to do ourselves.

CONTRACTS FOR SHIP DESIGN

Mr. SHEPPARD. How do you handle those contracts? Are they handled on a cost-plus-a-fixed-fee basis, or on a competitive bid basis, accompanied by a performance bond, or what is the procedure?

Admiral WALLIN. They are handled on a cost-plus-a-fixed-fee basis because we are unable in advance to evaluate the amount of work which will be involved in a ship design.

We cannot do it competitively because we have no basis on which to establish specifications or to describe the amount of work involved in the particular ship design. We allocate those out and pick design agents who are expert in that particular type of design.

Mr. SHEPPARD. What is the size of the field in that function; how many firms are there that are available in the field in an acceptable category, three or five?

Admiral WALLIN. I would say that for large ships there are only about 3, but we go into small vessels too, even barges, as a result of which we have in the neighborhood of 25 who are available for contracting for design work.

Mr. SHEPPARD. These people that operate under a contract of that character are all subject to the Renegotiation Act, are they not?

Admiral WALLIN. They all are; yes, sir.

Mr. SHEPPARD. And if, by happenstance we were to make an error in our routine function, renegotiation is where we are supposed to pick up the slack?

Admiral WALLIN. That is right.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Mr. SHEPPARD. Is there any incentive clause connected with the contracts that you have referred to in the procurement of ship designs?

Admiral WALLIN. No, sir; I think there is no satisfactory way of writing a satisfactory incentive clause in that type of contract.

Mr. SHEPPARD. When contracts are awarded for designs of the character to which we have referred, is there invariably a time limit incorporated in the contract in which the designer must have the designs completed?

Admiral WALLIN. Ordinarily we do put a time limit in the contract, or we put a requirement on the contractor, and we follow it up very closely, both from Washington and locally, inasmuch as we have inspectors in his plant to follow through on the work.

Mr. SHEPPARD. I would assume that right here would be the criterion upon which the charges and expenditures would be pretty largely influenced. In other words, a complete and articulate and understandable design would be of material advantage and be responsive to the end result, insofar as the actual expenditure of funds is involved. In other words, if the design had to go into a shift, it would involve change orders, and then, of course, you would go into a multiplicity of additional charges, would you not?

Admiral WALLIN. I think you have brought out a good point, Mr. Chairman. However, that does not apply at this particular stage of design.

Mr. SHEPPARD. Yes.

Admiral WALLIN. What you referred to, Mr. Chairman, is the working plan that goes out for the construction of the ship, and that does not go out until contracts have been let to a leading yard which is responsible for providing the working plans and he arranges with his own facilities, design talents, to develop those working plans, from what has already been done, or he contracts with a private design agency, such as Gibbs & Cox, to develop those working plans for him, and that is part of his contract requirement. The plans talked about here are when we are through the preliminary designs, which are almost entirely determined by the Bureau of Ships, or the next stage of design which is the contract design which forms the basis for advertising and arriving at a price with the contractor for the construction of the ship. That is what we are dealing with here, primarily, contract designs.

Mr. SHEPPARD. I wonder if you would clear that up a little bit for my thinking.

In other words, X contractor or shipbuilder is located in Norfolk, Va. If you wish to enter into a contract with said contractor for the purpose of producing or building a ship, obviously you must have some kind of a preconceived ship, so that the design that we are presently talking about is the preconceived idea that is created within the Bureau of Ships itself. Then it is translated through that medium to the contractor and through certain agencies and activities which revise and define the original concept to an actual blueprint procedure; is that correct?

Admiral WALLIN. Yes, sir; that is exactly correct, blueprint procedure and working plans; that is right.

Mr. SHEPPARD. And I presume after he has arrived at that point that is where you sit down with him and go into your contractual operations as to how much money it will cost, and so forth?

Admiral WALLIN. Yes, sir; that is right, and that is chargeable to the appropriation for construction and conversion of vessels rather than to this appropriation. This is advance work.

Mr. FERNANDEZ. May I ask a question off the record?

Mr. SHEPPARD. Surely.

(Discussion off the record.)

SHIPS ALLOWANCE LISTS

Mr. SHEPPARD. All right, gentlemen, let us pick up the last item reflected here, 6J, "Ships allowance lists." Your request is for $920,000, and it was $400,000 in 1952. That shows a marked increase. Where is your breakdown reflected in your justifications, which pertains to that item?

Captain BURZYNSKI. There is none, other than what is shown, Mr. Chairman. Project 6J covers the preparation of allowance lists and machinery indexes.

Mr. SHEPPARD. Well, it is reflected, however, on page 10–104, to the degree that the justifications pertain?

Captain BURZYNSKI. Yes, sir.

Mr. SHEPPARD. Proceed with your general statement.

Captain BURZYNSKI. This project covers the preparation of allowance lists and machinery indexes for naval vessels. The increase of $520,000 in 1953 as against 1952 is because we have more vessel allowances to prepare and also because of personnel ceilings in our shipyards, where usually this work is accomplished. In this project this work goes under contract to private companies.

TRANSFER OF FUNCTIONS

Mr. SHEPPARD. I notice in your justifications, reflected on page 10–104, that you carry the following language:

> Project No. 6J formerly consisted of cataloging for the Naval Establishment as well as the Munitions Board. Both cataloging functions are being financed by appropriation "Service-wide supply and finance, Navy," in fiscal year 1953. The fiscal year 1951–52 amounts footnoted above exclude $714,798 and $500,000, respectively to reflect this transfer of financial responsibility.

This is indicative of a change in the policy of presenting these requirements I have just referred to; is that correct?

Captain BURZYNSKI. Yes, sir. The figures are so presented so you can compare similar work in the 3 years as shown.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Mr. SHEPPARD. Mr. Fernandez, do you have any questions as to any part of budget activity 6, "Fleet support facilities"?

INSPECTORS OF NAVAL MATERIAL

Mr. FERNANDEZ. Going back to page 10–72, I would like to know a little more about what the inspectors of naval material do, and how they go about it, and what is accomplished by it.

Admiral WALLIN. The inspectors of naval material are in different parts of the country, with offices assigned to the industrial areas particularly, but having suboffices wherever Navy contracts are placed in large numbers, and their function is to inspect all material

purchased by the Navy or purchased by contractors with the Navy when those materials have to comply with Navy specifications.

In the first place, they get copies of contracts for material from the Navy Department, and authorizations to conduct the inspections. They arrange with the vendor, the contractor for the material, to take cognizance of the inspection and to be notified when the material is ready for inspection or ready for process inspection during the manufacture, which is often done. That is one aspect.

Another aspect is that when shipbuilding contractors order material they must send a copy of their order to the proper inspection officer in that area, and he proceeds in the same manner to arrange for the inspection of the material before it is released for shipment.

The contractor in any case is not permitted to ship the material to its destination until it has been inspected and released by the naval inspector. Now, the naval inspector is a naval officer with officer assistants and a large number of civilian assistants, who are in fact engineering personnel. They understand the material. They are usually specialists in the material which they inspect. It is a regular system of seeing to it that the material purchased by the Navy is in compliance with the Government requirements as regards quality.

INSPECTION PERSONNEL

Mr. FERNANDEZ. About how many personnel would be required to carry out that work under this $7 million appropriation?

Admiral WALLIN. Well, sir, in the first place the Bureau of Ships does not have a separate inspection agency. That is all pooled by the whole Navy Department for all Bureaus, and comes under the operation of the Office of Naval Matériel. The number of inspectors paid by Bureau of Ships funds that he has at present is about 1,700 civilian personnel throughout the inspection offices spread throughout the country.

Mr. FERNANDEZ. Then this $7 million only pays for a portion of that work of this over-all program?

Admiral WALLIN. This pays only for a portion of it; that is correct.

Mr. FERNANDEZ. Only for a portion of it.

Admiral WALLIN. The Office of Naval Matériel, which has jurisdiction over the inspection, gets so much support from each matériel bureau to handle its estimated part of the work.

Mr. FERNANDEZ. I see. There is only one other item I wanted to inquire about.

BENEFICIAL SUGGESTION PROGRAM

That is the last item on that page, the beneficial suggestion program. What is that?

Admiral WALLIN. That is a program which has been in vogue in the Navy for quite a few years. The purpose is to encourage the employees to make suggestions for improvement; improvement in practices, procedures, whether office improvements, mechanical improvements, operational improvements, or what not. They get a cash award if the suggestion they make is deemed to have merit. The cash award is in accord with the amount of merit which the Board finds that the suggestion has.

That is done locally to begin with. The suggestion comes to Washington, and if it has sufficient merit it is promulgated throughout the naval activities of the country with the idea of getting them to use the same improvement.

Mr. FERNANDEZ. Does this appropriation pay only the awards, or does it cover other expenses in connection with the awards?

Admiral WALLIN. There are no other expenses in connection with the awards, except very indirect personnel who constitute the Board, who are carried on the regular rolls wherever they may be employed. There are no real indirect expenses.

Mr. FERNANDEZ. As I understand it, this program has been carried on for years?

Admiral WALLIN. The beneficial suggestion program?

Mr. FERNANDEZ. Yes.

Admiral WALLIN. Quite a few years. I would say about a dozen years.

Captain BURZYNSKI. Yes, sir.

Admiral WALLIN. About a dozen years, at least.

Mr. FERNANDEZ. It runs about the same level, or thereabouts?

Admiral WALLIN. I would say it is increasing. I would say that there has been a lot of interest in the beneficial suggestion program among the employees of the Navy Department as a result of which the results are increasing. The improvements are increasing, and the amount of cash awards has, therefore, increased.

OVERHEAD

Mr. WIGGLESWORTH. Admiral, you spoke of the new system whereby overhead for an entire job is included in the request for obligational authority at the outset instead of year by year as it accrues. How much difference in dollars and cents is reflected in this change of policy in this request for the Navy? Does that apply only to this Bureau?

Admiral WALLIN. It applies generally.

Admiral CLEXTON. All other bureaus have completed the process of eliminating this type of fiscal function.

Mr. WIGGLESWORTH. So far as this appropriation is concerned, it is reflected only in this Bureau?

Admiral CLEXTON. That is correct.

Mr. WIGGLESWORTH. What does that represent in dollars and cents?

Admiral WALLIN. I would say it represents nothing in the appropriation as a whole, Mr. Wigglesworth. What it means is that instead of being in activity 6 it falls in those activities covering the work. For instance, the active fleet, the Reserve Fleet, Naval Reserve vessels; wherever the work is done the money is included in that activity to do that work, including the overhead.

Mr. WIGGLESWORTH. Even if the job is a 2- or 3-year job?

Admiral WALLIN. I would say yes, sir.

Mr. WIGGLESWORTH. I understand we were told there had been a change in procedure in the Department.

Admiral WALLIN. There are two things.

Mr. WIGGLESWORTH. Previously, if it were a 3-year job, it would include one-third of the overhead in the request for obligational authority in year No. 1, but now you include 100 percent of the over-

head in the request for the obligational authority in year No. 1. My question is: How much in dollars and cents, as a matter of interest, does that add to the request now under consideration?

Admiral WALLIN. Well, I will have to say first that there are two things there. What I have just said is one thing. Now, when we come to project orders, which carry into the next year, it is a little different situation.

Mr. WIGGLESWORTH. Is not the situation just as I have outlined it? That is what I understood the captain to tell us. Is my statement not a correct statement of the previous policy and of the present policy with respect to overhead for jobs done within the Navy?

Admiral WALLIN. Yes, sir.

Mr. WIGGLESWORTH. Then I am interested to know how much is involved.

Admiral CLEXTON. Off the record.

(Discussion off the record.)

Admiral WALLIN. I want to say, first, I misunderstood what your purpose was. I was talking about a matter not connected with project orders. When we talk about project orders, it does made a difference in the total appropriation for one year as compared to the next year.

Mr. WIGGLESWORTH. I want to know how much difference it makes in the request before this committee for fiscal year 1953, as a matter of interest.

Admiral WALLIN. Yes, sir; we have that figure.

Captain BURZYNSKI. It is $17 million.

Mr. WIGGLESWORTH. That is $17 million for this Bureau. The other bureaus have already adopted this procedure, as I understand it?

Admiral CLEXTON. That is correct. In many bureaus this procedure never applied at all.

Mr. WIGGLESWORTH. Have you any idea how much increase is involved for the Navy as a whole as between the two procedures?

Admiral CLEXTON. No, sir; I do not know that offhand.

Mr. WIGGLESWORTH. Could you furnish something just for the record which would indicate that?

Admiral CLEXTON. I will furnish that for the record if it is possible. I have a feeling it is not possible.

Mr. WIGGLESWORTH. Is the future overhead included in the unexpended balances to which we have been referring item by item?

Admiral CLEXTON. It would be included in that; yes, sir.

Mr. WIGGLESWORTH. It would be included?

Admiral CLEXTON. Yes, sir.

Mr. SHEPPARD. It would have to be reflected there.

Admiral CLEXTON. Yes, sir. This particular fiscal function was completed in the other bureaus last year; so, there is no money put in this year in other bureaus.

Mr. WIGGLESWORTH. You mean every other bureau has——

Admiral CLEXTON. Has always had it.

Mr. WIGGLESWORTH (continuing). Already been awarded in full what they require for all overhead for all jobs?

Admiral CLEXTON. All jobs were always done that way in most bureaus. In Ordnance and Ships there was this procedure we are now discussing. Ordnance started to clean up this procedure 1 year before Ships did. So, Ships is the only one left, and this is the last year for Ships.

Mr. WIGGLESWORTH. But may there not be other items by other bureaus in which 100 percent of the overhead is requested this year? That is, for new jobs.

Admiral CLEXTON. The policy in the Navy, and all services, now, is that the cost of the total job is in the budget.

Mr. WIGGLESWORTH. I understand that, but I was trying to get, as a matter of interest, how much difference is reflected in dollars and cents in the 1953 request, as between the new method where the full overhead is included and the old method where the 1953 overhead alone is included. Could that not be readily furnished for the record?

Admiral CLEXTON. No, sir.

Mr. WIGGLESWORTH. Why?

Admiral CLEXTON. Well, for instance, if it is decided to do the project by contract outside, there is nothing involved.

Mr. SHEPPARD. Pardon me. I did not understand that answer.

Admiral CLEXTON. If it is decided to make a product that is in the budget on a contract, there will be the entire cost of the item included.

Mr. WIGGLESWORTH. I am not asking about that. I understand that what the Navy is in effect doing is conforming jobs that it itself does to the practice adopted a year or two ago in reference to contracts done outside the Navy, under which the full obligational authority is granted at the outset as contrasted with the previous procedure of giving contract authorizations and making the money available as it became necessary against those authorizations.

Admiral CLEXTON. If you take, for example, any number of jobs that we have in the budget, which amounts to tens of thousands, and you would now have to recalculate all of them to decide whether the job was going to be completed in a year or a year and a half or 2 year or 3 years, and that would be an impossible job at this stage. If it were going to be done in 1 year, there would be no money under this category. If it were going to be done in 2 years, there would be the second year's overhead. If it were to be done in 3 years, there would be the overhead for the second and third years. That would be an impossible job.

Mr. WIGGLESWORTH. It must have been taken into consideration when the request was made in the first instance; was it not?

Admiral CLEXTON. No, sir. When a project is calculated, the total cost of the job is calculated regardless of where done.

Mr. WIGGLESWORTH. Including 100 percent overhead?

Admiral CLEXTON. Including overhead, yes, sir.

Mr. WIGGLESWORTH. You must know how long that job is going to take; do you not?

Admiral CLEXTON. Not specifically enough now to say that a certain percent of it would be able to be broken out under this category.

Mr. WIGGLESWORTH. Well, you have broken it out under "Unexpended balances" as far ahead as June 30, 1953, including both the Navy jobs and the contractual jobs.

Admiral CLEXTON. That is on a total appropriation expenditure basis, sir. We have made estimates of expenditures, which is a very broad estimate based on the completion of all the projects to be done.

Mr. WIGGLESWORTH. Is that not a summation of the various items?

Admiral CLEXTON. No, sir. It is a broad estimate of all of the jobs to be done, but it is not detailed.

Mr. WIGGLESWORTH. Is it not compiled from estimates of unexpended balances for each job that is under way?

Admiral CLEXTON. It is an estimate of the expenditures for each job under way, all totaled up. But each job or each part of a job is not broken down in detail. For instance, the ship tables we listed here the other day under "Shipbuilding and conversion," in which an individual ship continued expenditures for 5 or 6 years. This is based on estimates that to build the ship we will expend, let us say, 5 percent of its funds in the first year for that ship, 20 percent the next year, 40 percent the next year, and then 20 percent, and so forth. But it is not done in detail. That particular ship is not broken down into every specific item and contract and estimated that way.

Mr. WIGGLESWORTH. I understand that, but in that particular instance you would have 95 percent contract authorization if you were operating under the old system, would you not, with 5 percent in cash?

Admiral CLEXTON. We have never used any system but the system we are now projecting except in Ships and Ordnance on project orders. Is that not right? We have never used any system but the system of requesting the funds to complete the job, except on the old project orders. All our accounting is set up on that basis.

Mr. ALFORD. That is correct, sir. Project orders only.

PROJECT ORDERS

Mr. WIGGLESWORTH. What do you mean by "project orders"?

Admiral CLEXTON. A project order is an order or contract to a naval establishment to manufacture a certain item.

Mr. WIGGLESWORTH. Outside the Navy?

Admiral CLEXTON. In the Navy.

Mr. WIGGLESWORTH. Within the Navy?

Admiral CLEXTON. Yes, sir.

Admiral WALLIN. Corresponding to a contract outside of the Navy.

Mr. WIGGLESWORTH. I still do not see the difficulty involved in giving us a statement in terms of project orders similar to that which you have given us over all for your major items in terms of unexpended balances.

Admiral CLEXTON. Ordnance and Ships are the only two appropriations with any large number of project orders. Most bureaus run their programs on an annual basis.

Mr. WIGGLESWORTH. Those would not enter into the picture, then?

Admiral CLEXTON. I will see what I can get together on this, Mr. Wigglesworth.

Mr. WIGGLESWORTH. All right.

(The information is as follows:)

The estimate of $17 million for the Bureau of Ships is the only estimate possible. All other bureaus do not use the fiscal method involved. The entire accounting and allotment system of the Navy is set up to reflect all costs and Ships is being brought in consonance this year, with the funding outlined above.

NAVAL SHIPYARDS

Mr. WIGGLESWORTH. You say you have 11 shipyards in 1953. Is that the same number you have this year?

Admiral WALLIN. Yes, sir. On February 1, 1951, the Long Beach Naval Shipyard, California, was reopened, so it was open only a part of the fiscal year 1951.

MAINTENANCE AND OPERATION

Mr. WIGGLESWORTH. This item A is all for maintenance and operation?

Captain BURZYNSKI. 6A also covers nonrecurring maintenance, replacements, and additions to plants, and this industrial overhead cost for project orders of prior year funds.

Mr. WIGGLESWORTH. You have given us a breakdown by shipyard on pages 10–62 and 10–63. Those would indicate to my mind that you are going to spend $89,662,000 at 11 shipyards, or roughly an average of $8 million per yard, for maintenance and operation. Now you say that is not the fact. Do you have any breakdown as between maintenance and operation and other things entering into this over-all total?

Captain BURZYNSKI. Yes, sir; I have a breakdown of a typical shipyard. I can give you the detail application of the funds in the complete operation for the year 1953.

MAINTENANCE AND OPERATING EXPENSES, NEW YORK

Mr. WIGGLESWORTH. Well, let us take New York, where you are asking $12,477,692. What goes into that over-all total?

Captain BURZYNSKI. At New York the $12,477,692 is broken down as follows: For plant improvements, $2,031,576; the overhead for projects of prior-year funds, $660,000; and for the nonindustrial or military-support service it is $9,786,116.

Mr. WIGGLESWORTH. You refer to overhead for prior years. That is the old system; is it not?

Captain BURZYNSKI. Yes, sir.

Mr. WIGGLESWORTH. In other words, you did not ask for all the overhead at the outset, so you are asking for 1953 overhead now as to prior projects?

Captain BURZYNSKI. Yes, sir. We are asking for overhead funds applicable to 1951 project orders.

Admiral WALLIN. That is right.

MILITARY SUPPORT SERVICE

Mr. WIGGLESWORTH. What goes into the nonindustrial business?

Captain BURZYNSKI. The nonindustrial is the military-support service that New York Shipyard furnishes.

Mr. WIGGLESWORTH. What is it?

Captain BURZYNSKI. It is $9,786,116.

Mr. WIGGLESWORTH. I know, but what does that represent? That is a lot of money, and I do not know what it is going to be used for.

Captain BURZYNSKI. I was going into a list of functions.

Mr. WIGGLESWORTH. Do you have a breakdown?

Admiral WALLIN. Yes.

Captain BURZYNSKI. Disbursing for activities in that area.

Mr. WIGGLESWORTH. For what?

Captain BURZYNSKI. Disbursing. The shipyard at New York pays certain things.

Mr. WIGGLESWORTH. All right. Disbursing. How much is that?

Captain BURZYNSKI. I do not have it here, sir.

Mr. WIGGLESWORTH. How did you arrive at this figure of $9,786,000?

Captain BURZYNSKI. Maintenance of nonmilitary roads in the base area, naval base area, and the district area.

Mr. WIGGLESWORTH. How much is that?

Captain BURZYNSKI. I do not know. We can supply it.

Mr. WIGGLESWORTH. What else?

Captain BURZYNSKI. The reserve-fleet berthing in that area.

Mr. WIGGLESWORTH. What do you mean by that?

Captain BURZYNSKI. We have reserve-fleet berthing in New York, and this project pays for it.

Mr. WIGGLESWORTH. For renting it, or what?

Captain BURZYNSKI. No. We maintain the pier and adjacent areas and facilities.

Mr. WIGGLESWORTH. Maintenance. What else?

Captain BURZYNSKI. Design work.

Mr. WIGGLESWORTH. What is that?

Captain BURZYNSKI. The shipyard does design work which is not tied in with its industrial load. It will draw plans for alterations of ships, where the work will be done in other locales. You could not charge this design work as industrial overhead to the customers that come to that shipyard. This activity pays for it.

Mr. WIGGLESWORTH. Designs for the designers. Is that it?

Captain BURZYNSKI. No, sir. Medical and dental service for the military. Fuel oil storage. Degaussing and compass compensation engineering service. Yard pilot and tug master service for ships that come in for other than repair.

Mr. SHEPPARD. Will you pardon an interruption at this point? Did you say "degaussing"?

Captain BURZYNSKI. Yes, sir.

Mr. SHEPPARD. Are you continuing that program?

Admiral WALLIN. Yes, sir; for all ships.

Mr. SHEPPARD. Thank you. Go ahead.

Captain BURZYNSKI. Maintenance of cryptographic equipment; Navy training tests; dredging in nonindustrial areas; salvage operation; photographic service; field engineering service; security for activities other than the naval shipyard; fire fighting.

Admiral WALLIN. For the military.

Captain BURZYNSKI. Yes, this is all for the military.

Admiral WALLIN. All military, nonindustrial.

Captain BURZYNSKI. Industrial relations; planning and estimating.

Mr. WIGGLESWORTH. That is about the story?

Captain BURZYNSKI. Yes, sir; that is it.

Mr. WIGGLESWORTH. Well, I wish when you revise your remarks, you would break that figure down to those items and show us how you build it up and how much you are going to spend for each of them at New York.

Captain BURZYNSKI. Yes, sir.

(The information is as follows:)

Analysis of estimates covering 1953 nonindustrial or military requirements at New York Naval Shipyard (as reflected in Budget Activity 6 of the Ships and Facilities Navy Budget estimate)

Description of function	*Amount included in 1953 estimate*
Industrial managers office: Management of shipwork and other work assigned to private plants	$610, 000
Management engineers: Work performed in connection with organization and administration of reserve shipyards; preparation of manuals and organization charts and mobilization work	30, 116
Space control and development: Work in connection with mobilization planning—planning for maintenance of reserve shipyards (Port Newark and Kearney, N. J.); planning in connection with space control and space allocation to 3ND activities	38, 000
Mobilization planning: Work in connection with the planned mobilization of shipyards, in the event full mobilization is required	59, 500
Budget Division: Preparation and control of job orders for district activities	7, 000
Clerical, planning and administrative: Expenses in Public Works Department allocated to nonindustrial functions	152, 500
Maintenance of buildings: Occupied by material laboratory	40, 500
Custodial services—Rendered to district activities located within the shipyard	109, 500
Cost incurred by Public Works Department in receiving, stowing and shipping general stores, for Supply Department	423, 500
Fuel storage	52, 500
Material redistribution and disposal program for supply department	96, 000
Salvage yard	17, 000
Labor and material for operating locomotives: Utilized for handling material for fleet supply	16, 500
Labor and material for operating railroad cars: Used to move material to and from shipyard for fleet supply	11, 000
Labor and material for operating float bridge: Carrying incoming and outgoing railroad cars with material for fleet supply	5, 000
Major portion of storage area, Paulding Avenue at Building 115 used for plate storage and other portion of track allocated for storage of supplies for fleet	6, 500
Labor and material for operating locomotive cranes: Used for handling fleet and Third Naval District supplies	37, 500
Labor and material for operating cranes: Used for handling gangways and materials for vessels berthed only and for handling Supply Department stores for fleet	324, 000
Operating costs of trucks, tractors and trailers: Assigned to the Supply Department for fleet supply and transporting military household furniture	171, 500
Operating costs of station wagons and busses: Used for transporting military personnel within the Third Naval District	61, 000
Operating costs of other passenger vehicles used for transporting military personnel within the Third Naval District	15, 000
Housing of vehicles: Property of BuAer Rep. Com Three vehicles and ambulances for 3ND military personnel	9, 000
Ambulance services: Used for transporting military personnel and families within the Third Naval District to St. Albans Hospital	134, 000
Operation of motor vehicles used for transporting fleet military personnel	166, 500
Utilities furnished to district activities and vessels in yard for berthing only	1, 753, 000
Maintaining office and enlisted personnel records, leave records, qualification jackets, endorsement of orders, etc	39, 000
Fire protection for fleet vessels and district activities within the shipyard	86, 000
Police protection for district activities within the shipyard	82, 500
Telephone-operator service for district activities in shipyard	33, 000
Gas furnished Marine barracks, post exchange, motion-picture exchange, and receiving station	23, 000
Maintenance of intracommunication system for Third Naval District activities	13, 500

Annalysis of estimates covering 1953 nonindustrial or military requirements at New York Naval Shipyard (as reflected in Budget Activity 6 of the Ships and Facilities Navy Budget estimate)—Continued

Description of function	*Amount included in 1953 estimate*
Maintenance of grounds	$55,000
Maintenance of streets and sidewalks	28,000
Maintenance of street lighting	7,500
Maintenance of fences and walls	11,500
Trash scraps and garbage removal for ships and district activities	67,000
Snow removal and street cleaning	25,000
Disposal of scrap and waste removed from Third Naval District activities	7,000
Maintenance of reserve building ways not in use	13,000
Work in connection with bachelor officers quarters	3,000
Work in connection with married officers quarters	61,000
Work in connection with military mess halls	36,000
Expenses incurred for military training schools in shipyard	12,000
Maintenance of cafeterias	2,000
Medical services rendered to ship personnel nonshipyard activities located in shipyard	33,000
Field engineering services—in connection with ordnance contracts in the Third Naval District	30,000
Electronics shore engineering: Field engineering services and planning services for naval shore establishment in the Third Naval District and 40 Naval Reserve shore stations	271,500
Ship engineering: Electronics inspections check-out and calibration of equipment and advance planning for office of industrial manager's vessels	260,500
Services of electronics department administrative and clerical forces rendered for nonindustrial function listed above	90,000
Timekeeping for material laboratory	33,000
IBM tabulating group payroll preparation material laboratory employees and district activities	23,000
Preparation of cost reports for material laboratory and district activities	39,500
Payroll branch: Logs and controls for money values and personnel; actual payrolling and tax retirement	57,500
Cost and reports branch: Plant account records for material laboratory and district activities	38,500
Maintenance and audit of job order records, public vouchers, posting charges, transferring charges, etc	36,000
Stores branch: Reconciliation of receipts and expenditures, OSO, open purchase, audit and preparation of stores return for forces afloat and district activities	35,000
Typing pool: Preparation of reports and correspondence relating to material laboratory and district activities including typing of plant cards	18,500
Disbursing: Payroll auditing, check distribution, payment of travel claims for material laboratory and district activities	40,500
Other fiscal department costs allocated to nonindustrial functions	53,000
Time and expenses in connection with work performed at Naval Reserve training centers in the Third Naval District	371,000
Cost of initiating procurement and keeping material records for vessels converting at other shipyards but for which the New York Shipyard has been designated as the material lead yard	46,500
Lead design work on ship conversions	1,061,500
Preparation of type allowance for BuShips	798,500
Planning yard work for Bureau of Ships	780,500
Design on shore station work, MSTS, degaussing inspection	280,500
Clerical and service force required in connection with nonindustrial functions for planning department	175,000
Employment services rendered to the material laboratory and certification by the Civil Service Board of Personnel	39,000
Training functions performed for the material laboratory	21,500
Safety engineering performed for the material laboratory	23,000

Analysis of estimates covering 1953 nonindustrial or military requirements at New York Naval Shipyard (as reflected in Budget Activity 6 of the Ships and Facilities Navy Budget estimate)—Continued

Description of function	*Amount included in 1953 estimate*
Cash sales: Special deposits for district activities, surplus and salvage sales	$30,000
All work in connection with bond issuing	53,000
Drafting and blueprinting	95,000
Total	9,786,116

Reconciliation of estimate with table on page 10–62 of Ships and Facilities, 1953 justification

Military requirement functions listed above	$9,786,116
Industrial overhead applied to prior year funds	660,000
Nonrecurring maintenance, replacements, and additions	2,031,576
Total	12,477,692

Mr. WIGGLESWORTH. Offhand, it looks as if we have some duplications there. I do not know whether we have or not. For instance, there is salvage and photographic service, and security and fire fighting and so on.

Admiral WALLIN. That is only the military part of it, as compared to the industrial part. The industrial part goes in the shipyard expense, but not the military part.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Mr. SHEPPARD. With reference to the two categories to which you are referring, on the expenditure of funds, to which my colleague has addressed himself, if I were to find fire fighting and various and sundry other operations to which the captain has referred in the other categories, would that indicate a duplication of effort, or would that indicate spreading the cost and having it charged against the two different types of operation?

Admiral WALLIN. It would indicate the latter. There is no duplication in the services rendered. There is only one fire department, one security agency, and the costs are split between the military and the industrial according to pro rata use or estimated use.

Mr. SHEPPARD. In other words, what you are doing is actually tracing your expenditure down to as narrow an application as you can and defining it in your justification?

Admiral WALLIN. That is exactly correct.

Mr. SHEPPARD. Thank you, Mr. Wigglesworth.

MAINTENANCE OF ROADS AND DREDGING

Mr. WIGGLESWORTH. You referred, I think, to maintenance of roads and dredging outside the industrial areas.

Admiral WALLIN. Yes.

Mr. WIGGLESWORTH. What is meant by that?

Captain BURZYNSKI. We have in the shipyards, for example, piers, in the supply department part of the yard, that are not considered industrial piers. They are put there so ships come to take on oil or supplies. This project would pay for the cost of the maintenance and operating of those piers and the dredging in that area. Similarly, for the reserve fleet area this project would pay for the cost.

Mr. WIGGLESWORTH. What about the roads?

Captain BURZYNSKI. Similarly, the roads that lead to activities which are nonindustrial are paid by this project. As an example, in many of our shipyards we have the district headquarters located there. The roads leading to such a type of activity would be paid for by this project.

Mr. WIGGLESWORTH. Are those Federal roads or local roads, or what are they?

Captain BURZYNSKI. They are Government roads, Federal roads.

Admiral WALLIN. They are within the Government reservation, Mr. Wigglesworth.

Mr. WIGGLESWORTH. I see.

OBLIGATIONS

What have your obligations under this item, over all, been as of December 31?

Mr. ALFORD. The obligations are $105,600,000 as of January 31, 1952.

Admiral WALLIN. Obligations and commitments?

Mr. ALFORD. In addition to that we have commitments of $67 million.

Mr. WIGGLESWORTH. Mr. Chairman, that is all I have on item A.

(Discussion off the record.)

FRIDAY, MARCH 21, 1952.

Mr. SHEPPARD. All right, the committee will come to order. Mr. Wigglesworth, you were interrogating the witness when we adjourned last evening. Have you anything further?

NAVAL INSPECTORS

Mr. WIGGLESWORTH. Under item 6B, where you show an over-all request for something like a $7,000,000 increase for 1953, from $38,999,887 in 1952 to $45,891,000 in 1953, you have an increase of some $2,500,000 for inspectors, the number of which I believe you said you did not know.

Captain BURZYNSKI. Yes, sir.

Mr. WIGGLESWORTH. Do you have that number this morning?

Captain BURZYNSKI. About 1,700 are covered by that $7,000,000, sir.

Mr. WIGGLESWORTH. How many do you have this year?

Mr. ALFORD. Mr. Wigglesworth, the inspectors of naval material work on the inspection of procurement by the Navy. They are a group of people who are administered by the Office of Naval Matériel, and each Bureau is billed monthly on the basis of the proportionate time each bureau spends on this business.

Mr. WIGGLESWORTH. My question was how many there are this year as compared with the 1,700 for 1953.

Mr. ALFORD. We do not report those people under our appropriation, because that is shown as contractual services.

Mr. WIGGLESWORTH. Somebody must know how many there are; otherwise you cannot arrive at a dollar figure.

Admiral WALLIN. It is a figure for the Office of Naval Matériel to furnish, not the Bureau of Ships.

Mr. WIGGLESWORTH. I do not care from where it comes. Somebody must know what is the justification for this dollar request. I understood the captain to say that there will be about 1,700 involved for 1953, and I want the comparable figure for 1952.

Mr. ALFORD. We can get that figure for you, sir.

Mr. WIGGLESWORTH. Please furnish it for the record. It ought to be here now.

(The matter referred to is as follows:)

The Office of Naval Matériel has estimated the number of man-years to be performed for inspection services for the Bureau of Ships by the offices of the supervising inspectors of naval material to be as follows: Fiscal year 1952, 1,351.5; fiscal year 1953, 1,695.4.

DESTROYER REPAIR BASE, NEWPORT

Mr. WIGGLESWORTH. Now, there are several other items of increase here. For instance, you have an increase for the destroyer repair base at Newport, where you spent only about $126,000 this year, and less than that the year before. You are requesting $3,011,000 this year. What is that for?

Admiral WALLIN. Mr. Wigglesworth, that destroyer repair base at Newport, R. I., is a new concept. It is utilizing as a destroyer base the old torpedo station at Newport, and rehabilitating it for interim repairs for destroyers, and for berthing purposes in order that destroyers may have an adequate set-up at Newport, R. I., where they ordinarily do base, but at the present time do not have adequate facilities for interim repairs or for berthing purposes.

Mr. WIGGLESWORTH. What are you going to do with the $3,000,000 requested. The base has apparently been there during the last 2 years.

Admiral WALLIN. I will ask Captain Burzynski to give you the details on that. He has them all here, Mr. Wigglesworth.

Mr. WIGGLESWORTH. Well, you have exactly four and a half lines in your justifications on this item.

Admiral WALLIN. Well, we have a lot of details here on what that money is for, Mr. Wigglesworth.

Captain BURZYNSKI. The $3,011,000 is for maintenance and operation of this destroyer repair base. It will provide voyage repairs for approximately eight destroyers at one time.

The activity will employ approximately 1,000 people.

Mr. WIGGLESWORTH. You mean 1,000 additional people?

Captain BURZYNSKI. Yes, sir.

Mr. WIGGLESWORTH. Give us a breakdown of it.

Captain BURZYNSKI. The breakdown for this $3,000,000 is as follows:

For maintenance, under personal services, $372,500.

For operations, under personal services, $1,499,800.

For travel of civilian personnel, $10,000.

For travel of military personnel, $3,700.

For communication services, $11,700.

For utilities, $295,200.

Mr. WIGGLESWORTH. How much?

Captain BURZYNSKI. $295,200.

For printing and reproduction, $22,100.

Now for maintenance that is done under contractual services, $61,600.

For contractual services for operation, $15,800.

For supplies and materials for maintenance, $25,000.

For supplies and materials under operations, $385,300.

For equipment, $27,600.

For structures and buildings, $212,400, that is, for the maintenance of buildings and structures.

For assessments and taxes, $68,300.

The total under maintenance is $699,100, and the total under operations is $2,311,900.

Mr. WIGGLESWORTH. Why do you need $699,100 for maintenance in 1953 when your entire request for maintenance and operation in 1952 is only $126,000, and in 1951 was only $105,000?

Captain BURZYNSKI. In 1952 the $126,000 simply covered the fleet-landing floats and piers. There was no repair facility in 1952.

Mr. WIGGLESWORTH. Well, you are going to put $212,000 into additional buildings which you call repair facilities, I take it.

Captain BURZYNSKI. That is for repairs.

Admiral WALLIN. And some rehabilitation of buildings which, in many cases, have not been used for some time, inasmuch as the torpedo station moved out a number of years ago.

Mr. WIGGLESWORTH. How big a plant are you going to have there?

Captain BURZYNSKI. We will employ approximately 1,000 personnel the first year.

Mr. WIGGLESWORTH. How many do you have there now?

Captain BURZYNSKI. There are 32 employed there now.

Admiral SOLOMON. May I explain something off the record relative to this particular project?

Mr. SHEPPARD. You may.

(Discussion off the record.)

MAINTENANCE AND OPERATION OF NORFOLK

Mr. WIGGLESWORTH. On the record. I understand that this is, in effect, a new facility to supplement the work that has heretofore been done, for the most part, at Norfolk. How much is it going to cost to put this facility in shape?

Captain BURZYNSKI. This $3,000,000 is for maintenance and operation, to put it into shape. Then to install tools and adapt the ordnance shops to ship work, the cost of that will be $4,200,000. I have a detailed itemized list of how that money will be spent.

Mr. WIGGLESWORTH. You mean it is going to cost you $4,200,000 to set the facility up and $3,000,000 to maintain it?

Captain BURZYNSKI. $3,000,000 for maintenance and operation.

Mr. WIGGLESWORTH. $699,000 to maintain it?

Captain BURZYNSKI. Maintenance and operation. The term "operation" means that it will include people you cannot charge directly to the job when the vessels come in for those overhauls.

Mr. WIGGLESWORTH. I thought you gave me the figure $699,000 for maintenance.

Captain BURZYNSKI. Yes, for maintenance.

Mr. WIGGLESWORTH. That is substantially $700,000 maintenance for a $4,000,000 plant; is that it?

Admiral WALLIN. No; the $4,000,000 is only the addition of the current plant, adaptation of the current plant to ship work. The plant is worth many millions.

Mr. SHEPPARD. Pardon me, gentlemen, but the gentleman was addressing himself, as I understand it specifically to the amount of money involved in maintenance. You set forth the amount of money it is going to cost to put the plant into operation, and then he directed himself to the point of the maintenance figure, not operation, but maintenance.

Admiral WALLIN. That is right.

Captain BURZYNSKI. It is $699,000.

Mr. WIGGLESWORTH. I do not have a very clear picture of it. You tell you are going to put $212,000 into structures, and you say that it is going to cost you $4,000,000 over-all to put the thing into shape, and it is going to cost you $700,000 annually, I assume, to maintain it.

Captain BURZYNSKI. Yes; the $212,400 refers to the maintenance of structures, land, roads and buildings, and there are other items of maintenance.

Mr. WIGGLESWORTH. $699,000 is what you gave me for maintenance.

Captain BURZYNSKI. For the total.

Mr. WIGGLESWORTH. That is approximately $700,000. As to the plant you tell me that somehow or other, by putting in $212,000 in structures you are going to get a $4,000,000 plant there which heretofore you have operated for $100,000 a year. I do not get the picture.

Admiral CLEXTON. Off the record.

(Discussion off the record.)

Mr. WIGGLESWORTH. On the record. I understand, then, that this is, in effect, a new facility to supplement work heretofore done at Norfolk. You contemplate employing about 1,000 at it, and that the maintenance involved has heretofore been carried on by the Bureau of Ordnance, and is now being taken over in connection with the operation of this facility by this Bureau; is that correct?

Captain BURZYNSKI. Yes, sir.

OTHER ACTIVITIES AND FUNCTIONS

Mr. WIGGLESWORTH. Now, you have another substantial increase, from $5,635,000 in 1952 to $8,386,000 in 1953, in the item entitled, "Other activities and functions". What are they?

Captain BURZYNSKI. They are on page 10–72.

Mr. WIGGLESWORTH. Oh, yes, that is the item where you have the large increase for inspectors.

Mr. SHEPPARD. That is right.

PLANT IMPROVEMENTS

Mr. WIGGLESWORTH. Another substantial increase is in the item entitled, "Plant Improvements", which jumps all the way from

$700,000 in 1952 to $4,200,000 in 1953. Is that broken down anywhere?

Captain BURZYNSKI. Yes, sir, I have a complete shopping list that we can put in the record if you so desire.

Mr. WIGGLESWORTH. That you can put in the record?

Captain BURZYNSKI. Yes, sir.

Mr. SHEPPARD. How voluminous is it?

Captain BURZYNSKI. It is 2 pages.

Mr. SHEPPARD. All right.

Mr. WIGGLESWORTH. May I look at that for just a moment. Is that what you showed me yesterday?

Captain SEABRING. No, this is another one.

PROCUREMENT OF MACHINE TOOLS

Mr. WIGGLESWORTH. I notice in this list you have an item entitled, "Procurement of Machine Tools, Assuming None of the Bureau of Ordnance Tools on Site Will Be Available," $1,500,000. What are the facts?

Captain BURZYNSKI. That estimate is based on the probability that the tools that are there now, and that can be adapted for ship work will not be available to the Bureau of Ships.

Mr. WIGGLESWORTH. You say that you need $1,500,000 assuming none of the Bureau of Ordnance tools on the site are available. Now, if they are available there is no use putting in $1,500,000. What is the fact?

Captain BURZYNSKI. At the time of the survey——

Mr. WIGGLESWORTH (interposing). This assumption was made?

Captain BURZYNSKI. That some of the tools could be available.

Admiral WALLIN. The reason is that machine tools are at a very great premium, and our Bureau has more work than it has tools to do the work with, and the Bureau of Ordnance will want to keep those tools and use them if possible.

Mr. WIGGLESWORTH. I think you ought to come before this committee with facts, and not assumptions. I think you ought to know whether that $1,500,000 worth of tools is going to be available to you or not. If it is going to be available there is no use putting it in this list here.

Admiral WALLIN. These additional tools will be required.

Mr. WIGGLESWORTH. Yes, but they are in the hands of the Bureau of Ordnance, I take it right now, and if it can spare them they will be available.

Admiral WALLIN. I do not believe they can spare them.

Captain BURZYNSKI. At the time of the survey we were told that they would not be available.

Mr. WIGGLESWORTH. Well, I wish you would check that with the Bureau of Ordnance and put a definite statement in the record as to whether any part of or all those tools can be made available to this Bureau, because there is no use duplicating.

Admiral WALLIN. We have the answer right here now. Captain Moore has contacted the Bureau of Ordnance. Will you make a statement on that, Captain Moore?

Captain MOORE. The amount of tools that will be left in the station by the Bureau of Ordnance has been determined, or the amount of

tools that will be required to establish this station in the business of repair of ships has been determined. $1,500,000 is the difference between the two.

Mr. WIGGLESWORTH. Is this for Newport?

Captain MOORE. Yes, sir.

Mr. SHEPPARD. Then I assume from your answer that there are a certain number of tools there, and the amount of money you have reflected here and to which you have referred is to take care of the difference in tools which are required, the difference between those that are there and those that are removed by the incumbent department that has jurisdiction of them now?

Captain MOORE. That is correct.

Mr. WIGGLESWORTH. I see you have about $400,000 in here for contingencies. That is just a round figure of about 10 percent, as a precautionary matter?

Captain BURZYNSKI. Yes, sir.

FLEET SHORE ACTIVITIES

Mr. WIGGLESWORTH. Under the item 6C, "Fleet shore activities," beginning on page 10–77, you show an increase from $29,799,000 in 1952 to $40,426,000 in 1953, or something less than $11,000,000. That seems to be broken down on page 10–81. Under fleet activities there is an increase of $5,000,000, and that is for the stations in the Far East that you told us about?

Captain BURZYNSKI. Yes, sir, at Sasebo and Yokosuka.

MAJOR COMMAND HEADQUARTERS

Mr. WIGGLESWORTH. I do not understand the next item in respect to major command headquarters, which seems to be increased from roughly $3,000,000 in 1951 to $4,900,000 in 1952, and to $9,700,000 for 1953. Give us a breakdown of the major items in it either on or off the record. I think that is in classified status.

Captain BURZYNSKI. Yes.

(Discussion off the record.)

Mr. WIGGLESWORTH. The Fleet Command Headquarters increase of about $600,000 you told us, I think, was for travel, did you not, a 33 percent increase from $1,800,000 to $2,500,000.

Admiral WALLIN. What page are you on, Mr. Wigglesworth?

Mr. WIGGLESWORTH. I am looking at page 10–81, the third item.

Captain BURZYNSKI. That increase is the increase in travel for the Fleet Command Headquarters. This covers the travel of enlisted men from the ships to the schools and back to the ships. In 1953 the Reserve personnel recalled are going to leave and the fleet will be manned by recruits and the training will be required for these new people.

Mr. WIGGLESWORTH. How many people is that $600,000 based on?

Captain BURZYNSKI. CNO will have to answer the question as to how many people are going to travel.

Mr. WIGGLESWORTH. It looks as if we have the wrong bureau here to testify this morning.

Admiral CLEXTON. Off the record.

(Discussion off the record.)

Mr. SHEPPARD. I realize that the members of the top echelon are very busy, but there is certainly some opportunity, with the voluminous background of personalities you have, for some of the top authorities to be free to answer questions if they expect the committee to be in position to act on these appropriations.

ADVANCED BASES

Mr. WIGGLESWORTH. Under item 6d, "Advanced bases" you told us that the money to be expended is for stockpiling critical materials, $9,202,000.

Off the record or on the record, how much have we got stockpiled now?

Captain BURZYNSKI. I do not have the figure available here at this time, but it is available.

Mr. WIGGLESWORTH. What was the basis of your arriving at the decision that you should ask Congress for $9,202,000 for this purpose? If you do not know how much you have on hand, how can you determine how much you should purchase in 1953?

Captain BURZINSKY. The Chief of Naval Operations directs the Bureau of Ships as to what material the Bureau shall stockpile.

Mr. WIGGLESWORTH This is another item that you are not in a position to justify; it is merely passing on a request made by another bureau.

Captain BURZYNSKI. That is correct.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

ADVANCED BASE EQUIPMENT

Admiral CLEXTON. This program of advanced base equipment, part of which we will have to leave off the record, is set up in the mobilization plan, and the Navy has its share of the program.

The major part of this program comes under the Bureau of Yards and Docks, and we will hear about it in great detail when they appear before this committee. However, we are setting up a certain number of advanced bases which will be activated on M-day or the day that war commences.

These bases are set out in great detail by the Chief of Naval Operations as to the equipment that is to be in them.

Each bureau is assigned its share of the equipment, over which it has full technical cognizance.

For instance, in an air activity, where an air station is planned to be set up, the Bureau of Aeronautics has most of the equipment. In a naval base where a naval ship facility will be set up, the Bureau of Ships has most of the technical equipment. However, all of the automotive equipment, and equipment for sanitation, living quarters, and things of that sort are all in the Bureau of Yards and Docks.

Mr. SHEPPARD. And will be justified when they appear to justify their requirements?

Admiral CLEXTON. This equipment will be available at dockside and will amount to about the first 3 months of overseas projects in the event of war.

Mr. WIGGLESWORTH. Is that on the assumption you are starting from scratch, or is it on the assumption that we add the $9,202,000 to what we already have on hand for the purpose?

Admiral CLEXTON. That is correct.

Mr. WIGGLESWORTH. Which, the latter?

Admiral CLEXTON. The latter. This is a rounding-out of the program to meet the current mobilization plan for the first 90 days of projection overseas.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Admiral CLEXTON. The funds in the 1953 budget estimate are estimated to round out this current mobilization stockpiling program, and with the funds available in 1951 and 1952 and 1953, the stockpile will amount to approximately $200,000,000 of equipment.

Mr. WIGGLESWORTH. That means that you have on hand about $191,000,000 worth now?

Admiral CLEXTON. No, sir. We have in the 1953 estimate about $100,000,000, so there is about $100,000,000 on hand.

Mr. WIGGLESWORTH. This $9,000,000 is this Bureau's portion of the $100,000,000?

Admiral CLEXTON. That is correct, sir.

Mr. SHEPPARD. As we proceed with these inquiries, any time you have the answer, based upon the information that you have pertaining to CNO operations, you can give the answer, Admiral Clexton. When you do not have it we will have to have it supplied.

TRAINING FACILITIES, REGULAR NAVY

Mr. WIGGLESWORTH. Looking at item 6G, "Training facilities, Regular Navy," it reflects a sizable increase, and the first part of it is broken down on page 10-99.

What is item 4 that shows a $600,000 increase? It was $189,000 in 1952 and now you are asking for $801,000. The item is entitled, "Construction and Repair of Ship Compartment Mock-ups."

Admiral WALLIN. The basic reason for this, first, is training of recruits ashore so that when they get aboard ship they can take their place aboard ship with much less required training.

A mock-up is a simulated part of a ship built out of wood ordinarily.

Mr. WIGGLESWORTH. Why the increase? Why do you need four times as much money for this purpose in 1953 as you have in 1952?

Admiral WALLIN. Primarily because we will have so many more people to train on Bureau of Ships technical equipment.

Mr. WIGGLESWORTH. You are not going to have a 400 percent increase in your trainees, are you?

Admiral WALLIN. No; but we are improving this aspect of the training program.

Mr. WIGGLESWORTH. Either off or on the record, what does it include?

Captain BURZYNSKI. It includes the modification of 10 Ascania trainers. This simulates the operation of a submarine; in other words, you can train personnel in diving operations.

Mr. WIGGLESWORTH. How many do we have now?

Captain BURZYNSKI. We have 10. We are modifying the 10 at a cost of $200,000.

Mr. WIGGLESWORTH. $20,000 apiece?

Captain BURZYNSKI. Yes.

Mr. WIGGLESWORTH. What is the other $600,000 for?

Captain BURZYNSKI. We are repairing fire-fighting structures at the fleet training center, Newport, at a cost of $100,000; two fire-fighting structures at San Diego at a cost of $15,000; 2 fire-fighting structures at fleet training center, Pearl Harbor, $15,000; and we are constructing wet-type fog foam fire-fighting structures at the fleet training centers for a total cost of $150,000.

We are repairing two gasoline and inert gas system trainers at $5,000, and we are repairing two damage-control trainers at $200,000.

Mr. WIGGLESWORTH. Does that make up the total?

Captain BURZYNSKI. That totals $551,000.

We are repairing and setting up equipment and mock-ups at the antisubmarine warfare school on the east coast at $50,000. There is the same type of equipment at the United States Naval Guided Missile Training Center at $50,000.

At four fleet training centers we are setting up and repairing the CIC equipment, damage-control equipment, and fire-fighting equipment at a cost of $80,000.

We are constructing at the same fleet-training centers two fire-fighting structures at a cost of $250,000, and the total of the second series of items is $330,000.

Mr. WIGGLESWORTH. A very large percentage of that seems to be for repair jobs on fire-fighting apparatus.

Captain BURZYNSKI. It is not fire-fighting apparatus; it is structures where they set the fires and extinguish them.

Admiral WALLIN. Simulating structures on ships in many cases.

Mr. WIGGLESWORTH. Do you really need all that equipment and construction on top of what you have now?

Admiral WALLIN. Yes, we feel that we do.

Mr. WIGGLESWORTH. Off-hand it would seem that you are increasing fourfold for an increase in your training forces of very much less than that.

INCREASE IN TRAINEES

Admiral WALLIN. There are two things about it that I would mention. One is the fact that we have more people to train.

Mr. WIGGLESWORTH. How many more do you have to train?

Admiral WALLIN. The number at the present time is indeterminate.

Mr. WIGGLESWORTH. You have given us a figure.

Admiral WALLIN. I do not believe that I have. The fact is that the reserves are going out of service, and we are going to train new people.

Mr. WIGGLESWORTH. How many? You must base your estimates on something.

Admiral WALLIN. I have no estimate, but there will be large numbers of people. I know that.

Mr. WIGGLESWORTH. Who has the estimate? I do not see how you can figure anything unless you have some assumption as to the number of people you are going to train.

Admiral WALLIN. I would say that the Chief of the Bureau of Naval Personnel knows approximately how many people will be required.

Mr. WIGGLESWORTH. He did not make this computation for trainmenting equipment, did he?

Admiral WALLIN. They have to do with it, yes. They had something to do with it.

Mr. WIGGLESWORTH. Who prepared this estimate of $801,000?

Admiral WALLIN. The Bureau of Ships prepared the estimate.

Mr. WIGGLESWORTH. On what basis did you do it? Was it just on the general theory that this training center would be much nicer if we could have this or that? You must have done it with respect to the specific number of people to be trained, did you not?

Admiral WALLIN. We have tried to keep up with improvements. Fire-fighting equipment is improving and changing all the time. There is fire-fighting against oil and against the missile fuel that we have to contend with, and the jet fuel. We have to change and keep abreast of what our requirements are, and that is why we have to have these procedures and the arrangements for testing and teaching the people whom we are going to depend upon aboard ship.

Mr. WIGGLESWORTH. I do not see how either the committee or the Congress can form any conclusions as to what you need in terms of training equipment, or these structures that you have told us about, unless we have some idea of the number of people that you contemplate training in the fiscal year 1953 as compared to the number of people that you trained in the fiscal year 1952. You tell me that you do not have any idea of that at all, therefore, I do not see how you can expect us to consider this item justified.

Admiral WALLIN. We will enter that in the record. We have information on that.

(The information referred to is as follows:)

The average number of men in training at one time on technical apparatus and equipment under custody of the Bureau of Ships is 27,000 in fiscal year 1952. In fiscal year 1953 the average will be 36,000.

Mr. WIGGLESWORTH. It seems to me it is fundamental. I do not see how you can discuss a training program without having at your fingertips the number of people to be trained.

Admiral CLEXTON. There are 800,000-plus people in the Navy, and the naval training centers are located at the various shipyards and other points where the fleet comes in to port. At some time during the year a large number of these people are going to go to these training centers when the ship comes in and be trained in the pieces of apparatus that we are discussing.

Mr. SHEPPARD. Why do you not tell the gentleman this, because it is a fact—it is not only the inductees, that is, the new personnel, that you are taking for these courses, but when a ship comes in and ties up, the crews from that ship are also inducted into this new training to learn the new devices and the techniques.

Admiral CLEXTON. That is correct. That is the basis for the training centers.

Mr. SHEPPARD. You do not confine your training to the new personnel you are bringing in, but you are constantly training the old personnel already in whenever the opportunity presents itself.

Admiral CLEXTON. That item was put on the record, as I recall, when the Bureau of Personnel was testifying. We discussed the training centers and the reasons for them.

Mr. WIGGLESWORTH. To keep the boys mentally occupied while the ship is tied up?

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Mr. WIGGLESWORTH. This training is not limited to fire fighting?

Admiral WALLIN. No.

Mr. WIGGLESWORTH. I remember that the Bureau of Personnel told us that they would give them training in looking after boilers.

Admiral WALLIN. Training for everything.

Mr. WIGGLESWORTH. And a lot of routine things that they would normally be doing on board ship anyway. The Bureau wanted to give them any improved methods, and to keep them busy until they got back on the ship again.

Admiral WALLIN. That is correct.

Admiral CLEXTON. It is also to qualify them for increased ratings due to increased knowledge.

TRAINING FILMS

Mr. WIGGLESWORTH. I notice here that you have a production of films item of $300,000. I wonder if anyone knows how much money is being spent in the Navy for the production of films annually. It seems that every bureau that comes up here wants money for films. I realize their importance, but it looks as if a great deal of money is going into that activity.

Do you know, Admiral Clexton, how much?

Admiral CLEXTON. No, sir, but I can obtain that figure. I can tell you how the training film process is working. The Chief of Naval Operations has a board which coordinates all films for the Navy. The board has representatives from the Bureau of Personnel, the Bureau of Ships, the Bureau of Aeronautics and the Bureau of Ordnance and others who are the big users of the films. The Chief of Naval Operations determines what films should be made and which ones are essential.

Mr. SHEPPARD. These are not entertainment films?

Admiral CLEXTON. They are all training films.

Mr. WIGGLESWORTH. I understand that.

Admiral CLEXTON. The funds for films, then, are placed in the Bureau appropriations, but when their money becomes available it is all monitored by the Chief of Naval Operations board. The films are made in two ways, one at the Navy Photographic Center at Anacostia, which was testified to during the Bureau of Aeronautics hearing, and the other by contract.

I can get the total on training films in the Navy and put it in the record.

Mr. WIGGLESWORTH. I would appreciate it if you would put that figure into the record when you revise your remarks.

(The material referred to is as follows:)

Estimated amounts in fiscal year 1952 and fiscal year 1953 budget for training films by appropriation

Appropriation	Fiscal year 1952	Fiscal year 1953
Total	$2,459,632	$3,279,182
Navy personnel, general expenses	257,000	553,000
Marine Corps, troops and facilities	0	24,000
Aircraft and facilities, Navy	1,406,000	1,753,000
Ships and facilities, Navy	300,000	300,000
Ordnance and facilities	200,000	231,500
Medical care, Navy	153,000	182,000
Civil engineering, Navy	0	90,000
Service-wide supply and finance, Navy	70,682	70,682
Service-wide operation, Navy	72,950	75,000

PROCUREMENT OF SHIP DESIGNS

Mr. WIGGLESWORTH. I am not clear as to item 6–I, "Procurement of ship designs," which you discussed somewhat yesterday and for which you want $3,330,000 as compared with $1,250,000 in the current year.

I gathered yesterday that this is some kind of an organization that makes preliminary designs that it sends out to other people to perfect. Is that about what it amounts to?

Admiral WALLIN. May I explain that a little?

Mr. WIGGLESWORTH. Yes.

Admiral WALLIN. There are three stages in the design of a ship. The first stage is what we call preliminary design, which is nearly always done in Washington by the Bureau of Ships, aided and assisted by the Ships' Characteristics Board in the Chief of Naval Operations Office, and the other bureaus that have some interest in the design of a ship.

For the aircraft carrier, for instance, the preliminary design took well over a year. It is a development proposition with a considerable number of plans covering the whole preliminary design of the ship.

When that is settled up, and is agreeable to everybody concerned, that that is to be the design of the ship, we go into the second stage of the design, which is called contract design, which forms the basis for a contract for building the ship. That must be considerably greater in scope than the preliminary design because with it go the specifications for the ship.

The specifications and the contract design plan are the basis for the bidding by the various shipbuilders. It is that second stage that we are unable, because of bureau ceilings and a lack of engineering talent in adequate numbers, to do in the Bureau of Ships completely. We do some of it, but we cannot do all of it, so we contract those out to various design agencies throughout the country, and we allocate those on the basis of what design agent is best equipped to do what particular type of vessel.

That is what this money calls for.

Mr. WIGGLESWORTH. You send a preliminary design to the firm that you contract with?

Admiral WALLIN. As a basis for his work.

Mr. WIGGLESWORTH. And he makes a more detailed design?

Admiral WALLIN. That is correct, sir.

Mr. WIGGLESWORTH. And for that he is paid on a contractual basis?

Admiral WALLIN. Yes, sir.

Mr. WIGGLESWORTH. How do you arrive at this figure of $3,330,000 when you got along with $1,250,000 this year?

Admiral WALLIN. It is taking care of the shipbuilding program.

Mr. WIGGLESWORTH. Why do you need more design work as the Navy gets larger and approaches the level that we intend to maintain? Why do you need more design work?

Admiral WALLIN. The answer to that is, now we are in the process of building ships and converting ships by virtue of the $2,000,000,000 building program of 1952, and the proposed $1,000,000,000 in 1953.

I have a breakdown of all the types involved, and I can read those off to you, or put them in the record, either way. I can just furnish them for the committee if you desire. That is what we propose to contract out with the estimated costs.

Mr. WIGGLESWORTH. These are all new types of ships?

Admiral WALLIN. Yes. They are new designs of types of ships.

Mr. WIGGLESWORTH. This sheet shows that it is intended to contract for 31 types of ships with costs running all the way from $15,000 to $300,000. Those are estimated contract prices or actual figures?

Admiral WALLIN. Estimated prices based upon our knowledge of the work, and the scope of the work and the complications involved.

SHIPS ALLOWANCE LIST

Mr. WIGGLESWORTH. I am also not clear on your final item under this project, ships allowance list. I do not understand what that is.

Admiral WALLIN. The ships allowance list is a list of material items which are issued to that ship for use, either as a consumable item or as a nonconsumable item. In other words, in order to prevent ships from wanting everything that they can get, there is a list arranged called the allowance list, which tells them what they are entitled to, and that closes the book.

Mr. WIGGLESWORTH. What is this money to do?

Admiral WALLIN. This money is very similar to the contracts that we place for plans. We ask the contractors who are familiar with the types of ships, to work up a ships allowance list, sometimes in conjunction with the plans; particularly when a contractor has continued through. He is in a good position later when the ship is near completion to take up the job of the allowance list. We are unable to do all that work with our own Government people, so we contract it out.

Mr. WIGGLESWORTH. You mean the type of rug or chair that a commanding officer would have in his room, or the type of silverware to be used?

Admiral WALLIN. Those things, plus the spare parts for machinery and the consumable supplies.

Mr. WIGGLESWORTH. It includes all of that?

Admiral WALLIN. Yes. It is mostly mechanical items, and the allowance list for a large ship like a carrier is a big job. The list includes everything that they need to operate with, including the spare parts, which are very important.

Mr. WIGGLESWORTH. Does the work in preparation of this list increase in direct ratio to the number of ships that you want to build?

Admiral WALLIN. Yes. Every new ship of a class has to have a new allowance list. They are identical for all ships of that class, but

whenever we have a new ship of a new type we have to make a new allowance list for it.

Research and Development

Mr. Sheppard. We will take up the next budget activity, No. 7, "Research and development," which appears on page 10–105.

We will insert page 10–105 and page 10–106 in the record at this point.

(The pages referred to are as follows:)

No.	Project	1951 actual	1952 estimate	1953 estimate
7A	Research and development—direct costs	$64,111,398	$78,299,800	$85,500,000
7B	Research and development—indirect costs	2,541,700	18,558,400	17,651,000
	Total direct obligations	66,653,098	96,858,200	103,151,000

PURPOSE AND SCOPE OF WORK

This activity will provide funds to carry out a balanced program of research and development submitted as a classified document to the Chief of Naval Operations and the Research and Development Board for review and approval. The purpose of this program is to provide new and improved design and operational features for ships' machinery, materials and equipment (including electronics) to insure maximum combat effectiveness. The wide variety of items needed to carry out such an over-all program requires a careful balancing of the conflicting demands to achieve the necessary integration of research and development effort. This coordination is accomplished through the channeling of all effort in terms of the operational requirements established by the Chief of Naval Operations and Research and Development Board categories. As in prior years, funds requested for research and development have been budgeted as an integrated program. For fiscal year 1953, funds required to cover indirect costs of that part of the research and development program to be performed in Bureau of Ships laboratories and shipyards, and in other naval industrial and modified industrial activities, have been included in this program. Formerly these were included in the amount budgeted for the maintenance and operation of laboratories.

JUSTIFICATION OF FUNDS REQUESTED

An aggressive program of research and development is mandatory to keep abreast of scientific advances, to bring our ships to the highest attainable standards of efficiency, and to provide a fleet capable of meeting the dynamic requirements of international commitments. New techniques of warfare make it necessary to improve constantly the strength, weight, characteristics, speed, defense features, and effectiveness of our ships. We must lead in new developments and be first in the utilization of the results of all scientific and technological advances in their application to naval needs. This is essential to the effective employment of our Navy in supporting national policy and maintaining national security. The estimates of funds in this activity are based upon requirements established by the Chief of Naval Operations with emphasis being placed upon completing advanced developments and accelerating prosecution of developments promising marked improvement in effectiveness, particularly in the fields of air defense, antisubmarine warfare, nuclear power, mine and torpedo countermeasures, and protection against the effects of atomic weapons.

UNEXPENDED BALANCE

The unexpended balance under activity 7, "Research and development" on December 31, 1951, was $89,855,434.

Mr. Sheppard. Your estimate in 1953 is $103,151,000, and your estimate for 1952 was $96,858,200. This reflects an increase of $6,292,800. This activity is broken down into two projects—research

and development, direct cost, and research and development, indirect cost.

DIRECT COSTS

Research and development, direct cost, shows a 1953 estimate of $85,500,000 as against a 1952 estimate of $78,299,800.

You may present your justification for the amount of money that I have referred to.

Admiral WALLIN. I would like to refer the committee to my opening statement on the "Ships and facilities" appropriation in which I stressed the need for research to maintain our position in technical advance, and improvement of designs and development of new materials, both military and otherwise, in order that we may have efficient and effective ships. That is covered in part on page 10–106, which has been made a part of the record.

Mr. SHEPPARD. I am referring to the material reflected in your pink sheets which are of a confidential nature, and while the questions may be on the record, the answers, obviously, will have to be off the record.

ANTISUBMARINE OPERATIONS

With reference to page 1 of 1, let us take your third item involved there, which is a rather large one, wherein your estimate for 1953 is $23,584,500. That is under your antisubmarine operations. I would like to have you address yourself to that item specifically, and the answer will be off the record.

Admiral WALLIN. I will ask Captain Gates, who handles this detail work for us, to proceed with that.

Captain GATES. Off the record.

(Discussion off the record.)

Mr. SHEPPARD. Let me ask you at this point what have we accomplished within the past year? Pick out two, three, or four specific operations where you have, because of the application of research and development money, perfected certain devices that are presently in use.

Admiral WALLIN. One is plastic boats. It is a development using synthetic materials in lieu of wood. We have been working on that for some little time and have come to a point where we are building boats, and a considerable number, molded of plastic material. They are very, very promising. I am sure that they will be successful, and we will use more and more of them in the future.

I may say in that connection that some of the LCVT's that we covered in the shipbuilding program will be of plastic material. The bulk of them will be of wood, but they are going to build some of them of plastic material.

Mr. SHEPPARD. With reference to plastic material, how inflammable is it compared to wood?

Admiral WALLIN. You put your finger on the chief disadvantage in the use of plastic materials. It is inflammable under high temperatures, and it has a loss of strength under moderately high temperatures.

Mr. SHEPPARD. Are we making any investigation or development, Captain, whereby we might inject into the fabrication an element of fire prevention?

Captain GATES. The materials used in the strengthening of the plastic are frequently fiber glass, which introduces a fire-retardant element.

Mr. SHEPPARD. Then the answer to my question is that we are experimenting in that field?

Captain GATES. Yes.

Mr. SHEPPARD. I understand from those well versed in the science of the modern day that nothing is impossible; it is merely a matter of application, experimentation, development, and eventuality.

Captain GATES. That is correct.

Mr. SHEPPARD. What other item, aside from the plastic boat, has reached a degree of completion to where it is operational?

Admiral WALLIN. Plastic pipe is another development, whereby we substitute plastic for the critical types of material. We are doing that experimentally in some of the vessels now under construction.

Mr. SHEPPARD. I would take your answer to be that you are experimenting with the application because du Pont takes the credit for bringing that type of pipe on the market.

Admiral WALLIN. I do not know if they are entitled to all the credit. They are entitled to some of it. Other companies are involved in it also.

Captain GATES. Continuing with the line of plastics, Mr. Chairman, we have developed numerous plastics substitutes for metal, such as in connection boxes in electrical circuits. There are many other applications.

We have developed a magnetic fluid clutch, which is used in some of the smaller engines to replace the present more or less gear type, pin type clutch, which reduces weight and size.

Mr. SHEPPARD. Am I to assume from that statement that in operating in that field you are bringing your two component factors together by electric contact instead of centrifugation within the fluid itself; which of the two?

Captain GATES. The fluid has magnetic particles in it, which assist in performing the clutching operation.

Mr. SHEPPARD. In other words, you have some floating components that are put in your fluid that act as a transference medium from your electronic condition on the one side of your plate to the opposite plate; is that right?

Captain GATES. Yes.

Admiral WALLIN. I have a rather good one that Admiral Clexton reminds me of, and that is the reversible pitch propeller. With the LST's when we go up on the beach, we haul them off the beach by reversing the pitch of the propeller. You do not need a clutch and you do not need to reverse your engine. We have also developed that for submarines over the last 2 or 3 years.

Mr. SHEPPARD. Is that comparable with the reverse pitch that we are using on airplanes?

Admiral WALLIN. I think it is pretty much the same thing, except they use it to stop with and we usually use it ot back up with.

Mr. SHEPPARD. You could use it as a brake, if you wanted to.

Admiral WALLIN. Surely. It is the same idea.

Mr. SHEPPARD. If you were going to a dock with too much speed and it was necessary to stop quickly, you could reverse your propeller for that purpose?

Admiral WALLIN. Yes.

Mr. SHEPPARD. I see another item here that reflects what might be of considerable interest as long as we are projecting our thinking into research and development.

(Discussion off the record.)

Mr. SHEPPARD. Is this a logical or an illogical conclusion from the layman's standpoint: In the field of science and research and development, there is a continuity of unknown factors that have to be surveyed constantly, experimented with, until it is determined that they have applicability, or that they do not. Consequently, it is not what you, I, or anyone else could actually evaluate upon a time-clock aspect, or upon a production-line aspect, as we know those two aspects to apply in our everyday life. Is that a reasonable assumption or an unreasonable assumption?

Captain GATES. That is a reasonable assumption.

Mr. SHEPPARD. In other words, it has been said, if a man in science and research brings up one conclusive factor that is applicable to our domestic functions in 5 years, he has well paid for his existence for his lifetime.

Now, maybe that is a farfetched conclusion, and a self-serving declaration, but I wonder if it is in your opinion.

Captain GATES. That would be true in many cases, sir.

Mr. SHEPPARD. It would have to depend upon the magnitude of application.

Captain GATES. That is true.

Mr. SHEPPARD. So, those that we are refining and bringing in tomorrow are obviously not the things that we have experienced and had as of yesterday.

Captain GATES. That is correct.

PERSONNEL OPERATIONS

Mr. WIGGLESWORTH. Will you tell us something about the project entitled "Personnel operations," for which you want $1,334,000?

Captain GATES. A portion of this category covers the development of training equipment for shipboard use, and also for shore use, for the training of personnel in new electronics equipment.

As a new sonar or radar is developed, it becomes necessary to develop a new training device, so that the operator may be trained under simulated conditions when he is unable to get that training under actual conditions.

Mr. WIGGLESWORTH. Is this all research and development in the training field?

Captain GATES. It is primarily that, sir, although we have a sonar shore trainer. It is primarily training aids. We have electrical cooking equipment.

Mr. WIGGLESWORTH. This does not have anything to do with the field of human reactions, or whatever, it is called?

Captain GATES. No, sir, although we do have listed here under "Psychological electronics" some $465,000. It is primarily to sort personnel.

Mr. WIGGLESWORTH. Tell us what you are going to spend that money for, either on or off the record.

Captain GATES. The money that we expect to spend, $315,000 at the Naval Electronics Laboratory at San Diego and the remainder, $150,000, at a commercial organization as yet undetermined, is to develop techniques and instrumentation for assisting in these studies.

Mr. WIGGLESWORTH. What does that mean?

Captain GATES. In general it means, in simple words, developing trainers and evaluators to sort out your personnel.

Mr. WIGGLESWORTH. You are going to put them through various tests and then determine whether they can do a job with cotton batting in their ears, or with no cotton batting in their ears?

Admiral WALLIN. The same way we sort out aviators.

Mr. WIGGLESWORTH. You are going to make up what has been referred to previously as a physical and mental profile of the individual, and then somebody is supposed to be wise enough to tell from that profile whether he can fit into a given job or not; is that it?

Captain GATES. That is partly it; yes. That is essentially it.

INDUSTRIAL MOBILIZATION

Mr. SHEPPARD. We will pick up the next budget activity No. 8, "Industrial mobilization."

Mr. Reporter, insert the table on page 10–107 in the record at this point.

(The matter referred to is as follows:)

No.	Project	1951 actual	1952 estimate	1953 estimate
8–A	Reserve plants	$6,391,235	$10,521,000	$3,135,000
8–B	Machine tools and industrial equipment	6,886,668	9,183,000	250,000
8–C	Industry-preparedness measures	3,417,856	5,550,000	3,200,000
8–D	Planning within Department of Defense	1,376,864	1,800,000	1,640,000
	Total direct obligations	18,072,623	27,054,000	8,225,000

UNEXPENDED BALANCE

The unexpended balance under activity 8, "Industrial mobilization," on December 31, 1951, was $29,009,535.

Mr. SHEPPARD. I note in this instance that you have a series of subprojects—8–A, 8–B, 8–C, and 8–D—that go to make up the total of your estimates for this function, $8,225,000 for 1953. In 1952 you had $27,054,000, and this reflects a decrease of $18,829,000 by and between the two estimates.

Do you have a general statement that you would like to make pertaining to the items involving these subdivisions; to wit, 8–A, 8–B, 8–C, and 8–D?

Admiral WALLIN. Yes, sir.

Mr. SHEPPARD. Please present it.

Admiral WALLIN. The item "Industrial mobilization" has to do with the preparedness of plants, equipment, and plans for the purpose of furnishing material for which the Bureau of Ships is responsible in case of mobilization.

As you pointed out, Mr. Chairman, there is a considerable reduction this year as compared to 1952 and 1951 because of the fact that we have made considerable progress in bringing these plants into a con-

dition whereby in case of mobilization we are ready to utilize the plants for shipbuilding purposes.

RESERVE PLANTS

Mr. SHEPPARD. In general, that covers, in my opinion, the broad aspects of the situation, so let us refer now to 8A, reserve plants, in which your estimate is $3,135,000 for 1953, and which shows a marked decrease from $10,521,000 in 1952. Address yourself to that item exclusively at the moment.

Captain MOORE. As a result of funds previously appropriated for the fiscal years 1951 and 1952 the Bureau of Ships has been able to accomplish major items of capital maintenance which were deficient in the reserve plants. As a result of accomplishing these items of deficient maintenance we need only normal day-to-day maintenance now to keep up with maintenance, and this can be accomplished with less funds.

NUMBER OF RESERVE PLANTS

Mr. SHEPPARD. What is the number of plants involved in your reserve plants as expressed in project 8A?

Captain MOORE. There are 129 plants.

Mr. SHEPPARD. If you have examples, I would like to have you pick the plant that you are going to spend the most funds on, and the plant that you are going to spend the least funds on, if you can.

Captain MOORE. The plant that we plan to spend the most funds on is the National Industrial Reserve Shipyard at Kearny, N. J., sir.

Mr. SHEPPARD. What is the amount involved for that plant?

Captain MOORE. The amount involved is $404,000.

Mr. SHEPPARD. Now, what is the least that you are going to spend on any one plant?

Captain MOORE. The plant that we are going to spend the least amount of funds on is at the Gulf Shipbuilding Plant at Chickasaw, Ala., and the amount involved there is $108,000.

Mr. SHEPPARD. Am I to interpret from your statement that in this category, and I am referring to the reserve plants exclusively, that it has to do with the actual preserving of the set-up, of the physical plants themselves, and I am speaking about the external and internal parts of the buildings as such, because we will discuss machines, tools, and equipment in another aspect of the bill?

Captain MOORE. Yes, sir, that is correct, sir. The plants which we hold in reserve for production under mobilization conditions are divided into two categories, departmental reserve plants, which are plants which were constructed during World War II, whose production is so vital to the Bureau of Ships' material requirements that the Secretary of the Navy has determined that they be retained in the departmental reserve, and also all contractual matters, the maintenance, preservation, and security of these plants will be managed by the Bureau of Ships, and also any leasing or disposal of items in these plants will be controlled entirely by the Bureau of Ships.

This represents a total of 87 plants. Of these 87 plants 76 are now leased or have been sold with the national security clause and as a result of these leases maintain themselves except for minor items.

Mr. SHEPPARD. You mean when you say that they are leased that the Navy has leased them to other individuals, corporations, or companies, and because of the income which you receive from those sources they are self-sustaining?

Captain MOORE. Yes, sir, that is correct, sir.

Admiral WALLIN. I might add, Mr. Chairman, that under the terms of the leases maintenance is required to be furnished by the lessee, in addition to which certain funds come into the Government and go directly to the Treasury. I mention that because of the point that you brought up a couple of days ago that credits due accrue that do not show up in the account of the Navy Department.

Mr. SHEPPARD. What is the total amount of income derived from any and all plants in the category that you have referred to, the total amount of income that comes into the Federal Government from all of them? Do you have the answer at the moment? If you do not, will you please put it in the record?

Captain MOORE. Yes, sir, I will.

Admiral WALLIN. In that connection, Mr. Chairman, there will be some direct and some indirect. The direct will be the money that they pay in. The indirect will be the maintenance that they furnish, and that latter cannot be very well evaluated in dollars and cents.

Mr. SHEPPARD. You could give us the direct income and then add a footnote saying that there is additional income due to such and such procedure. Will you do that?

Admiral WALLIN. Yes, sir.

Mr. SHEPPARD. That would be self-explanatory in the record.

Admiral WALLIN. Yes, sir.

(The matter referred to is as follows:)

Income to U. S. Government in fiscal year 1953 deriving from rental of reserve plants and reserve machine tolls under custody of the Bureau of Ships

Direct income:	
(*a*) Cash rental (plants)	$4,211,064
(*b*) Cash rental (machine tools)	414,000
Total	4,625,064
Indirect income: (*a*) Maintenance by lessees	3,182,800
Total income	[1] 7,807,864

[1] In addition, lessees will pay premiums on insurance totaling $108,667,100 on property in which title is held by the United States.

Mr. SHEPPARD. How often are these plants inspected, and I am addressing myself to the plants that are leased, numbering 76?

Captain MOORE. Yearly is the requirement, and intermittently for special items which need to be determined. The inspections are accomplished by the field activities, through inspectors of naval material, supervisors of shipbuilding and industrial managers, and others that can be assigned to inspection duties in connection with each of these plants.

Mr. SHEPPARD. What is the category in which the difference between 87 and 76 fall, with reference to plants?

Captain MOORE. Those plants are idle or in limited use, in some cases used by the Bureau of Ships, and in some cases by a permit to use by other defense agencies, such that the utility that is provided by these plants does not provide any support for maintenance. As an example, the reserve plant at Lynn, Mass., at the present time is mostly used for the storage of equipment which we have to retain for mobilization purposes.

INTRADEPARTMENT REIMBURSEMENTS

Mr. SHEPPARD. From the plants not completely within your jurisdiction or operation, and which are used by another agency, are there any reimbursable factors to your Bureau because of that use by another division of the military?

Captain MOORE. No, sir; there is not, sir.

Mr. SHEPPARD. Where another branch of the military is using property that is vested within the jurisdiction of your Bureau, do they maintain the building and keep it up, or do you have to take care of the cost of upkeep of the plant as well and reflect it in your budget?

Captain MOORE. Yes, sir, we maintain it out of our budget. As an example the Army is using a fabricating shop in a reserve shipyard for tank rehabilitation. We have given them a permit to use it without them assuming any obligation for the maintenance of the plant.

Mr. SHEPPARD. Are you participating in the use of buildings that are under the control of the Army upon an equal basis whereby you figure that your Bureau is not carrying financial responsibilities, in those instances, for the Army?

Admiral WALLIN. Not in our Bureau, no, sir.

Mr. SHEPPARD. In other words, then, we find in this instance that your Bureau is charged with the responsibility for funds for the maintenance, upkeep, or what not for a plant in that category that is being utilized by another division of Government through the bookkeeping system evidenced in this particular issue, and it is redounding to their credit and your detriment, dollarwise?

Admiral WALLIN. No, not to our detriment, Mr. Chairman, because we would have to pay for that maintenance anyhow, even if they did not operate it. So far as operational costs are concerned they pay those costs, but the maintenance requirements would go at about the same pace, but if we required them to do it, I think it would ball up the jurisdictional question, and the accounting, and so forth. Another thing is that their use of the plant is quite temporary.

Mr. SHEPPARD. In other words, so far as the financial aspect of it is concerned you do not think you are in any manner hurt, is that it?

Captain MOORE. I do not think we are, sir.

NATIONAL INDUSTRIAL PLANT RESERVE

Mr. WIGGLESWORTH. Is there another classification of plants that you did not give us?

Admiral WALLIN. Yes, we had not quite finished that.

Mr. SHEPPARD. All right, complete it.

Captain MOORE. There are 42 plants which are maintained in the national industrial plant reserve. These plants have sufficient importance in the support of the Bureau of Ships' material requirements to justify the decision of the Secretary of the Navy to retain these plants in the industrial reserve. They are administered by the General Services Administration with the Bureau of Ships as the sponsoring defense agency for their retention in the national industrial plant reserve.

The maintenance and the contractural matters in connection with the national industrial plant reserve is in the hands of the General Services Administration.

Mr. WIGGLESWORTH. Do you mean that there are no dollars in here for that?

Captain MOORE. There is a limited number of dollars in this for these plants, insofar as the Bureau of Ships has inspections in these plants, not for maintenance, but for inspecting them to see that the condition of the plant as administered by the General Services Administration is such that it retains its potential for supporting our business, and that is the only expense that we have in connection with these national industrial reserve plants.

MACHINE TOOLS AND INDUSTRIAL EQUIPMENT RESERVE

Mr. SHEPPARD. All right, we will pick up the next item, 8B, machine tools and industrial equipment. You are asking for $250,000 in your 1953 estimate. In 1952 your estimate was for $9,183,000, which shows a marked decrease. Tell us what is being done with these industrial machine tools, and so forth.

Captain MOORE. In the industrial plant reserve there exists a large deficiency in machine tools and production equipment which would be required to reestablish them in their planned production.

Many of these tools and items of equipment are extremely long lead time tools and items of equipment.

With funds previously appropriated we have on order the major percentage of the long lead time items of equipment which would be required to reestablish the productivity of these plants. As the result of this position we are not asking in this fiscal year 1953 budget for any additional funds for that purpose.

The funds requested for machine tools in this fiscal year 1953 are to recondition and to obtain spare parts for machine tools which are not in use and are being returned from overseas bases.

Admiral WALLIN. But in all cases already available?

Captain MOORE. Yes, sir.

Mr. SHEPPARD. Well, I assume that your $9,183,000 in 1952 was applied to the procurement of tools in this category?

Captain MOORE. Yes; for the equipment and long lead time tools in this category.

TOOL RECONDITIONING

Mr. SHEPPARD. And the amount which you are presently asking is for rehabilitating a small portion of your machine-tool inventory?

Captain MOORE. The money requested herein is for the purpose of reconditioning a group of tools which are to be returned from Adak, Alaska, and secondly, for a group of tools which are in excess of Guam, and which will be returned to the United States where they will be reconditoned, missing parts replaced, and the tools placed in the industrial equipment reserve.

INVENTORY OF MACHINE TOOLS

Mr. SHEPPARD. Do you have jurisdiction within your Department of the complete tool inventory to the degree that you could give the committee an estimate of the tools you have in operational status?

Captain MOORE. Yes, sir; I do.

Mr. SHEPPARD. Off the record.

(Discussion off the record.)

Captain MOORE. The present value of the inventory in this category is of the order of $70,000,000. Of this $70,000,000 worth of equipment which we now have approximately $30,000,000 worth has been added over the last 2 years. There will remain a deficiency for the complete outfitting of reserve plants estimated at $90,000,000. I am not sure that I have made that entirely clear.

Mr. SHEPPARD. It is clear as far as I am concerned.

INDUSTRY PREPAREDNESS MEASURES

All right, gentlemen, pick up your next item, 8C, "Industry preparedness measures," for which you are asking $3,200,000 for 1953, and in 1952 your estimate was for $5,550,000.

Give me a statement of what you mean by and what is being done under the title "Industry preparedness measures."

Captain MOORE. Industry preparedness measures are for the purpose of buying time and reducing the expenditures of money and manpower when we convert a limited production requirement into a very large production requirement. These funds provide for setting up production lines which will be applied to expanding their rate of output. They also provide for the planning in detail for multiple ship production programs.

The funds requested this year are entirely for the support of ship-planning programs.

Mr. SHEPPARD. This particular request or operation does not necessarily address itself to your reserve plants exclusively, does it?

Captain MOORE. No, sir; it does not. It is straight across the industry in its entirety, or that is, insofar as industry supports our business.

Mr. SHEPPARD. That is what I mean.

PLANNING WITHIN THE DEPARTMENT OF DEFENSE

Pick up your next item, 8D, "Planning within the Department of Defense." You are asking in 1953 for $1,640,000, and in 1952 your estimate was for $1,800,000. While this is a reduction of $160,000, nevertheless, it is a rather important contribution to your request, and I would like to ask you what is being done.

Captain MOORE. The production allocation program, as established by the Munitions Board, provides for the planning with individual producers for all of the items of material which the Bureau of Ships would require to meet its mobilization requirements.

This plan determines the plant capacity, the plant ability, and schedules the items which they can produce, and will provide us with a planned source for all of the items we require. This work is largely carried out by the Naval Inspection Service, the industrial managers and the supervisors of shipbuilding.

A large portion of the funds in this project are to support the payment of personnel in these activities which carry out this mission.

As an additional item to be carried forward by these funds the question of industrial security has to be determined in a large number of plants, to determine whether or not the personnel attached to these plants and the management of these plants is such that they can be trusted with restricted or confidential, or even in some cases secret work to supply secret materials to the Bureau of Ships.

Mr. SHEPPARD. In other words, you utilize the division of intelligence, and I assume information garnered from some function already established within the Military Departments, and you do pay your proportion for the inspections that would fall within that category, is that true?

Captain MOORE. That is correct. The type of work that this produces is fingerprinting and biographies of all of the important members of management and the labor leaders in the company. This is made up in the form of a report which is submitted to a board which passes on their qualifications in the field of security. The field merely collects the information.

One other item that is financed from this is the preparation of bills of material. The material in alloy elements, precision bearings, precision gears, forgings, foundry products, and so forth, have to be determined by the Bureau of Ships in order that they can inform the Munitions Board of what workload our requirements will place on industry.

The only way to establish what this will be is to procure, in considerable detail a bill of material for every product which we buy. Some of these are very minor, and others, as in the case of a Diesel engine, or a turbine, involve an extended and lengthy report.

We are purchasing these from the vendors when they are not available to us from any other source.

Mr. SHEPPARD. You have developed an interesting aspect of your procurement, if I interpreted your statement correctly, and I am addressing myself to the subject matter where you make an examination of the alloys that, hypothetically, might be put into a bearing or the side walls of a motor, or what not. This may be stepping a little outside of the inquiry here, but, nevertheless, I am interested. Having drawn your specifications and blueprints, and the fabricator having already had that production under the scrutiny of inspection, why do you find it necessary to go back and make research as to the metals that were forged or combined together for the purpose of making said bearing?

Captain MOORE. The alloy elements which go into the materials which we buy are specified by the Bureau of Ships. The weight of the product that eventually ends up in the engine out of this alloy

is not determined by us, but has to be determined from a detailed scrutiny of the manufacturer's plans.

Mr. SHEPPARD. In other words, it is not literally a breakdown analysis made of the constituency of said ball bearing, but it is going back and checking on the plans to see whether or not the plans followed the original specification requirement; is that right?

Captain MOORE. No, sir; that is not right.

Mr. SHEPPARD. Then straighten me out, please.

Captain MOORE. The problem to be answered, for instance, is how much in pounds of nickel do you need of nickel steel that goes into your products. Now, we know how much nickel percentagewise is in the steel that we use, but we do not know the number of pounds of nickel that are involved in the finished engine or in the weight of a crankshaft, as an example.

Mr. SHEPPARD. I see.

Admiral WALLIN. And we are required to furnish such data to the Munitions Board in order to get priorities.

Mr. SHEPPARD. You go into the basic production requirement?

Admiral WALLIN. Yes, sir; that is correct.

Mr. SHEPPARD. Well, that is merely a matter of going back and inspecting your records in order to come up with the end answer because, in the final analysis, it does not have so much to do with the longevity of the bearing as it does with what you want to put into the bearing in regard to basic materials that might be in short supply.

Captain MOORE. Yes, sir.

RESERVE PLANTS MAINTENANCE

Mr. WIGGLESWORTH. I understand insofar as the major item is concerned, 8A, reserve plants, that of the 129 reserve plants there are only 11 which you have to expend funds in respect to for maintenance; is that right?

Captain MOORE. That is correct, sir.

Mr. WIGGLESWORTH. So that you plan to spend $3,135,000 in maintenance for 11 plants, or something like $300,000 on the average per plant?

Captain MOORE. Yes, sir.

Mr. WIGGLESWORTH. Is that a fair estimate of the annual burden of maintaining these 11 plants, or is there something exceptional this year that calls for the expenditure of that sum?

Captain MOORE. It represents about 2 percent of the value of the plants.

Mr. WIGGLESWORTH. Of the 11 plants?

Captain MOORE. Yes, sir; which I think is a reasonable figure, sir.

INDUSTRY PREPAREDNESS MEASURES

Mr. WIGGLESWORTH. As to item 8C, $3,200,000 for industry preparedness measures, I note in a break-down on page 10–112 showing $2,300,000 of the total applicable to continuing programs, and $900,000 applicable to new programs.

I am not clear as to just the type of work that this is to cover.

Captain MOORE. This is to cover the detailed plans which would be required to start and complete the building of, shall we say, 100 vessels

in 8 or 10 different yards, whereas now we are probably building 2 vessels in one yard.

The planning that is necessary to place 100 vessels on the ways and deliver to these vessels the components which are required to complete them at the time required and to establish sources for all of these components which can deliver the required components involves a monumental amount of detailed planning.

The purpose of these funds would be to preplan this such that we would save time and the expenditure of manpower and money at the time we initiate the 100-ship program.

Mr. WIGGLESWORTH. Take that first item, a DD destroyer, $200,000 under the continuing program; do you not know where you can build the additional destroyers you want to put on the ways in case of trouble right now?

Captain MOORE. Yes, sir; we do.

Mr. WIGGLESWORTH. Then what is the planning that you refer to that is covered by the $200,000?

Captain MOORE. As of right now we know what shipyards we would place contracts in and how many vessels we would distribute to each shipyard. At the present time we do not have a complete set of plans which would detail the delivered product and the rate and the place of delivery for all of the vendors who would supply the elements of those ships.

Mr. WIGGLESWORTH. Is that fact determined by you or determined by the yard?

Captain MOORE. These funds are to predetermine that, so that the yard will know where to get the material without searching it out.

Mr. WIGGLESWORTH. Would not that have to be done on a competitive basis when the time arrives?

Captain MOORE. No, sir; in time of war it would be our job principally to find a place which could deliver the product that we had to have on schedule, and it would not be competitive at that time, sir.

Mr. WIGGLESWORTH. Well, this, I assume, is predicated on a definite number of additional ships of the various categories indicated that you would need in the event of all out war?

Captain MOORE. No, sir; this is predicated on the Joint Chiefs of Staff plans for the number of ships of the various types which will be required to support the operations they plan.

Admiral WALLIN. That is about what Mr. Wigglesworth indicated.

Mr. WIGGLESWORTH. In the event of war.

Captain MOORE. But it is a specific number I meant to point out.

Mr. WIGGLESWORTH. That is what I assumed.

What percentage of this over-all job is completed today? You paid $3,400,000 for this purpose 2 years ago, and $5,550,000 this year.

Captain MOORE. Dollarwise it is 45 percent completed.

Mr. WIGGLESWORTH. The planning job is 45 percent done?

Captain MOORE. Dollarwise.

Mr. WIGGLESWORTH. What does that 45 percent represent in dollars?

Captain MOORE. It represents about $6,000,000.

Mr. WIGGLESWORTH. Well, you had $9,000,000 in the last 2 years.

Captain MOORE. In my first statement I indicated that the industrial preparedness measure did cover items other than the ship-planning program. From previous moneys provided a large amount of that had been used for the purpose of setting up pilot lines and

providing jigs and fixtures that would be necessary to turn out a particular product.

FUND REQUIREMENTS IN FUTURE YEARS

Mr. WIGGLESWORTH. You mean that this program would call for about $12,000,000 to make all of your plans?

Captain MOORE. No, sir. I estimate that this ship planning program, a section of the industrial preparedness measures would probably take $6,000,000 to complete it across the board. Now, I do not have a good estimate for the amount of funds that would be required to set up all of the pilot lines we should set up.

Mr. WIGGLESWORTH. You mean over and above this $3,200,000 you will need another $3,000,000 next year to complete the planning job?

Captain MOORE. That is correct, sir.

PLANNING WITHIN THE DEPARTMENT OF DEFENSE

Mr. WIGGLESWORTH. In your item 8D, $1,640,000 for planning within the Department of Defense, I notice that the major item is $1,200,000 for the production-allocation program. $200,000 of that is to be expended in determining which plants and shipyards can produce wartime requirements for ships and allied components. Do we not have that job in hand right now?

Captain MOORE. That job is, I think, fairly well in hand now. It is a continuing job to maintain.

The field personnel who accomplish this mission have to keep up to date a procurement program amounting to many billions of dollars.

The changes in prototype designs, the changes in the Joint Chiefs of Staff's requirements keep the itemized list of the elements that go into the Bureau of Ships' mobilization effort in a continual state of change, and a considerable number of personnel will be required in the field activities to keep this program up to date from now on.

Mr. WIGGLESWORTH. In other words, this work is necessary because of the change in types of equipment?

Captain MOORE. Largely due to that, sir, and secondarily due to the fact that the enterprisers who supply our equipment have changes in their management and their product causing us to make revisions in our sources of procurement.

The two elements together contribute to the job of trying to maintain this allocation program.

Mr. WIGGLESWORTH. The balance of $1,000,000 you say is requested for 200 man-years, as I understand it, for clearing the plants in question as to the trustworthiness of management and employees for classified work.

Captain MOORE. $1,000,000 is not for clearing the plants. $100,000 is for clearing the plants for classified work, sir.

MAN-YEARS

Mr. WIGGLESWORTH. What is the 200 man-years costing $1,000,000 for? I note the justification reads:

plans to obtain manpower, shipbuilding components, transportation, housing, and shipbuilding and production capacity in shipyards and industrial plants.

Captain MOORE. The previous discussion and my answers have been directed toward all of the activities and all of the work that is to be accomplished in the field to support the production-allocation program. The preparations of plans, manpower, shipbuilding components, transportation, housing, and shipbuilding capacity are all elements of this production-allocation program.

The $200,000 is broken out to show what will be transferred to support the inspectors of Naval material in this field, and the $1,000,000 is that portion which will be used by industrial managers, assistant industrial managers, and supervisors of shipbuilding.

Mr. WIGGLESWORTH. You mean that you are paying $1,000,000 to plants and shipyards to work out plans pertaining to manpower, and so forth, in case of a showdown?

Captain MOORE. What I mean is that of the $1,200,000, $200,000 here will be required to support the inspectors of naval material who work in the field which I have just described, and $1,000,000 will be required to support the personnel in our own field activities which accomplish the same purpose, the purpose of inspecting the plants and their capacity to produce our product, and the elements which they inspect are plant capacity, facilities, manpower, housing, roads, transportation, and all of the elements that enter into determining whether or not these plants can support our material requirements in the meeting of the schedule which we have assigned to them, sir.

Mr. WIGGLESWORTH. Cannot any shipyard give you that information in about 24 hours?

Captain MOORE. No, sir. Take the State of Maine, for instance, there is a considerable number of small shipyards there which can build small vessels and service craft, wooden boats, and so forth. We have to analyze and itemize what they can accomplish. We cannot rely upon the statement of the management that they can build so many of a certain type of ship, the usual answer being too optimistic.

Mr. WIGGLESWORTH. That is all, Mr. Chairman.

DEPARTMENTAL ADMINISTRATION

Mr. SHEPPARD. All right, gentlemen, we will pick up Budget activity number 9, "Departmental Administration" which is reflected on page 10–116 of our justification.

We will insert the table on this page in the record at this point.

(The matter referred to is as follows:)

Number and project	1951 actual	1952 estimate	1953 estimate
9A Salaries, departmental	$8,731,499	$13,213,000	$14,460,000
9B All other departmental expenses	2,716,950	2,805,000	3,222,000
Total direct obligations	11,448,449	16,018,000	17,682,000

UNEXPENDED BALANCE

The unexpended balance under activity 9, "Departmental administration" on December 31, 1951, was $9,000,721.

Mr. SHEPPARD. We find that this activity is composed of two subprojects, 9A, "Salaries, departmental," for which you are asking $14,460,000 in 1953, and 9B, "All other departmental expenses,"

for which you are asking $3,222,000 in your 1953 estimate, making a total of $17,682,000 for your 1953 estimate. You had $16,018,000 in 1952 which reflects an increase of $1,664,000 in this item. Gentlemen, this item has to do with salaries, departmentalwise, and other departmental expenses.

SALARIES, DEPARTMENTAL

Admiral WALLIN. The funds under this project provide the manpower necessary at Bureau headquarters in Washington under the "Ships and facilities, Navy" appropriation. In addition to the basic salary, this project provides funds for within-grade salary advancements, overtime and holiday pay, night work differential, lump sum leave payments and regular pay in excess of 52-week base for civilian engineers, naval architects, scientists and their supporting administrative workers.

The Bureau is a central technical office responsible for initiation, direction, coordination, and consultation in an almost unparalleled variety of engineering and scientific operations. The Bureau consists of a large number of small specialized technical sections, each dealing with a particular facet of ship design or with a particular type of ship (e. g. internal combustion engines, auxiliary machinery, sonar gear design, interior communication systems, hull contract plans, etc.). Each of these sections (of which there are approximately 85) are further broken down into subspecialties (lightweight, high speed, gasoline engines; steering gear; influence mine protection; stability; direct current; main propulsion drives; electrical equipment; etc.). In most cases these subspecialties are further broken down at least once more, so that the individual engineer usually becomes a specialist in fields such as submarine storage batteries, ground tackle, mathematical analysis of underwater explosions, smoke generating apparatus remote reading indicators, PT boats, shafting, propellers, machinery vibration, etc.

FUND JUSTIFICATIONS

Mr. SHEPPARD. Will you take up your justification, Admiral?

Admiral WALLIN. The increase in 1953 as compared to 1952 is necessitated by the increased tempo of the work requirement in the Bureau of Ships. That work requirement has to do with the larger fleet which has to be in being in 1953, the necessity for personnel to handle requirements for those ships in all aspects, and cover maintenance and improvements, and some operational requirements in which we are involved in the Bureau of Ships, allowance lists and that sort of thing that have to be worked out in some degree in the Bureau of Ships.

Then a rather important aspect in addition to that is the fact that the two previous years are years in which the Bureau has obligated large sums of money for procurement of components, equipments and material for the fleet, in a large measure for improvement of the fleet, and in order to take care of the receipts of that material it is necessary to have engineers and supporting personnel available in the Bureau of Ships to handle the necessary work in directing what shall be done with the material, what ships it shall be placed on, how the work shall proceed, who will do the work, and that sort of thing.

Mr. SHEPPARD. With reference to your justifications, in the second paragraph on page 10–117 I find the following:

The number of vessels in the active fleet will have increased from 618 since the beginning of fiscal year 1951 to 1,192 by June 30, 1952. The number of scheduled overhauls will increase from 362 in fiscal year 1951 to 593 in fiscal year 1952 and 626 in fiscal year 1953. Work is also being performed in connection with the alteration and arming of Coast Guard vessels, a program which will continue through fiscal year 1953.

In other words, what you have done there in setting up the number of personnel that I have referred to is, I assume, to base the premise upon the descriptive breakdown that is on the following page, to wit, on page 10–118.

Admiral WALLIN. That is correct, Mr. Chairman.

CURRENT EMPLOYMENT

Mr. SHEPPARD. Wherein I find the following language.

There are currently 2,633 employees on board under this appropriation. The 1952 budget for this program allows for 2,695 employees by June 30, 1952, and 2,685 man-years. A minimum of 2,950 employees will be required by June 30, 1953, in order to meet the increased workload and decrease existing backlog. The $14,460,000 requested will support 2,895 man-years—

which is reflected in detail in the following breakdown:

	1951 actual	1952 estimate	1953 estimate
On board end of year	2,677	2,695	2,950
Man-years	2,048	2,685	2,895
Base pay	$8,070,308	$12,247,900	$13,253,000
Part-time and temporary employment	10,791	18,000	18,000
Payments above basic rates	650,400	900,000	1,138,000
Regular pay in excess of 52-week base		47,100	51,000
Total	8,731,499	13,213,000	14,460,000

What type of employees are involved in the breakdown I have just referred to, as reflected on page 10–118?

Admiral WALLIN. The great number of them are graded employees, called IVb's. All except 25 are graded employees.

Mr. SHEPPARD. And there are no military reflected in this breakdown at all? They are all civilian personnel?

Admiral WALLIN. That is correct.

Mr. SHEPPARD. Where do we pick up the military in addition to the civilians reflected here, if any?

Admiral WALLIN. The military would be paid under the appropriation of the Bureau of Naval Personnel. Do you want them as of any particular date, Mr. Chairman?

Mr. SHEPPARD. Give us a comparable date on which you put these mathematics together.

Captain CATER. On June 30, 1951, there were 339. Our plans call for June 30, 1952, 570, and for June 30, 1953, 575.

Mr. SHEPPARD. Which is only an increase then, of five personnel as against your previous year's figure, is that correct?

Captain CATER. No, sir. We had 339 in June 1951, and we are trying to build up to 570 by June 30 this year.

Mr. SHEPPARD. 1953?

Captain CATER. 1952, and for 1953 the level is only increased by five.

Mr. SHEPPARD. It was 570 instead of 575, which makes the difference. Now, these salaries referring to the total employees, plus the total man-years we have referred to are strictly departmental?

Admiral WALLIN. Yes, sir.

Mr. SHEPPARD. And the amount of personnel that is evidenced in this total expressed in your justifications is made necessary by the amount of workload referred to and as reflected in your justifications on page 10–117?

Admiral WALLIN. Yes, sir.

ALL OTHER DEPARTMENTAL EXPENSES

Mr. SHEPPARD. Very well, pick up item 9B, "All other departmental expenses."

Admiral WALLIN. This is for expenses other than personnel, salaries. It is for material, for instance, equipment, and that sort of thing. We have whatever information is desired on that.

I might say that as a result of the expansion that has gone on we have had difficulty in finding space immediately, for which reason there is a considerable amount of temporary moving, and then removing to still a new location, and that kind of thing costs additional funds.

One of the things that we are spending quite a bit of money on is computing machines which fall under this heading, in order to furnish ready information regarding mathematical data which is required first for the budget, and second for accounting purposes, and third for business management. We have found it necessary to increase our requirements both as to the machines, IBM machines, and the personnel to operate them.

TRAVEL COSTS

Mr. SHEPPARD. I note reflected in the breakdown on page 10–126 that your estimate for civilian travel in 1953 amounts to $569,000, and your estimate in 1952 was $478,000.

Admiral WALLIN. Yes, sir.

Mr. SHEPPARD. Advise the committee as to why that increase in civilian travel is necessary?

Admiral WALLIN. Yes, sir.

First, we have more people to supervise the work that is going on in the field. Our organization is a centralized organization, and everything pertaining to our work has its nerve cell here in Washington, and it necessitates travel on the part of the engineers, particularly, to get out to the field to visit ships where important work is going on in order that they may get first-hand information, knowledge, and understanding regarding the work that they are dealing with in the Bureau and giving directives on.

Similarly, it is necessary to go out into the plants that are building our components, machinery components, and equipments of all kinds for the benefit of conferences with the contractors, to settle points at issue regarding specifications and contract requirements and all of that sort of thing. It is just necessary in the interest of good business to have our representatives get around to see the work that is being

done, and which they are directing and to confer with the people who are doing the work, whether they are private contractors, or whether they are Government employees.

Mr. SHEPPARD. I note that there are two increases there in your travel category. For civilian travel your estimate for 1953 is $569,000, which shows an increase of $91,000, and the succeeding item, military personnel travel, is estimated at $238,000 for 1953. You had $160,000 in 1952. That means an increase of $78,000.

I know you do have a yardstick of procedure on which you base these conclusions. How many civilians do you actually anticipate will travel within the scope of that $569,000? An approximate figure is good enough.

Admiral WALLIN. I would guess at least 20 percent of the total personnel would be traveling at one time or another during the fiscal year. That would run about 500.

Captain CATER. I could not give you that to be exact. We generally figure it on the basis of the trips made.

Mr. SHEPPARD. Perhaps I should have said trips, because we know that one person might make five trips, and another person only make two.

Admiral WALLIN. And they visit a lot of plants on one trip in an area.

Mr. SHEPPARD. In both the civilian and military category your travel should be screened and supervised very carefully. What kind of supervision do you have over travel so that you will not have unnecessary jaunts around the country?

Admiral WALLIN. We have a lot of supervision over it, Mr. Chairman.

Mr. SHEPPARD. Explain it to us.

Admiral WALLIN. Our situation in the Bureau is that we are organized by functions. Any civilian who thinks himself that he ought to make a trip will put in a request to his immediate superior, whether he be civilian or military. That request will be approved and sent on up finally to the head of the Division for approval, and then finally goes to the administrative officer for his action with regard to getting out orders, and if he approves he goes.

Aside from requesting trips or initiating trips himself, his boss, or even up to the head of the Division will want to know something about what is going on in such and such a place. He directs that a representative go there to settle the issue. I will give you a good example. The example I want to give you is just last month we sent to Korea a team of officers and civilians to look over the question of replenishment of ships at sea out there.

Mr. SHEPPARD. Before you go further let me clear up one thing. When you use the term a "team" you do not mean just two men as the expression is commonly used. You mean a group of men, and you merely use the word "team" to cover that operation?

Admiral WALLIN. Yes. I should say it was a team of about six in this case to study the matter of replenishment of ships at sea, which is a very important question to us and we are trying to improve the situation of replenishment of ships at sea as it is very important, and we are designing our ships with a view of improving the velocity with which stores can be broken out below and sent up on deck and sent over on a trolley wire to the receiving ships.

Those people went out and stayed about 3 weeks over-all at Pearl Harbor, in Japan, and Korea and consulted people who were familiar with it, and visited the ships, both the receiving ships and the providing ships, and then finally they came back here and we had a big conference on it. Then we sent three of them down to Norfolk to undertake the same thing there with the commander of the service fleet down there preparatory to a conference in Washington later on as to what specific steps we shall take to improve this replenishment problem.

Mr. SHEPPARD. Then the assumption upon the part of some people that insofar as travel is concerned that anybody who happens to find the inclination to go down where the sun is shining a little brighter and the atmosphere not so foggy as it might have been where they were, can do so, is erroneous. That does not fall within the category of your travel?

Admiral WALLIN. No, that does not happen. Maybe sometimes they get by with it, but generally that does not happen, because our people are just too busy to go on a jaunt today. Their bosses do not let them go. They are under pressure to get work done, and they do not go just to go.

Mr. SHEPPARD. In the case of travel in this category what is your expense allowance?

Admiral WALLIN. Nine dollars per day is the allowance.

Mr. SHEPPARD. That is established by law?

Admiral WALLIN. Subsistence of $9 a day, and that is reduced if you utilize Government facilities for sleeping.

SUPPLIES, EQUIPMENT, AND SERVICES

Mr. SHEPPARD. Now, let us take a look at the subject matter which is reflected on page 10–127 wherein your estimate for 1953 for supplies, equipment, and services is $1,702,000; for social-security contributions, $55,000 for 1953; and for printing and reproduction in 1953, $628,000, or a total of $3,222,000. In 1952 your estimate was for $2,805,000.

Let us discuss the heavy request there, to wit, supplies, materials, equipment, and services.

Define the word "services" as it appears here.

Captain CATER. Services covers items such as mail, the handling of mail, and the handling of dispatches. That is about all that is included actually under the word "services," the handling of mail, the handling of dispatches, and certain work on microfilming. I can break that down a bit.

Mr. SHEPPARD. It is in that general category?

Captain CATER. In that general category; yes, sir.

Mr. SHEPPARD. Can you tell me from the material that you have with you what component part of the $1,702,000 is for equipment, as contrasted to services, because that is a unified operation as it is expressed in your justification, and then what would be the amount of material and what would be the amount of supplies that go to make up the $1,702,000?

Captain CATER. I can itemize the whole $1,700,000, Mr. Chairman. I can run down the list.

Mr. SHEPPARD. If you can give it to me briefly, I would like to have it.

Captain CATER. It would be easier to give this than to explain it. Communication services, postage, $67,000; telephone services, $67,000—that was long distance—local telephone service, $145,000; rentals on tabulating machines, postage meters, telegraphic equipment, and recorders, $123,000; supplies, materials, and equipment, $546,000; consumable supplies, $389,000, and new equipment and repairs to equipment, $354,000. I left off an item of $15,000 which is called transportation of things.

Mr. SHEPPARD. $1,702,000. Your social-security contributions are mandatory, are they not?

Captain CATER. Yes.

Mr. SHEPPARD. Your printing and reproduction is $628,000. You had $723,000 for it in 1952, so you are showing a decrease there which means that you are not doing as much of that type of work as you did in the past, or perhaps you are doing as much but you are drawing from the inventory that you have accumulated in 1951 and 1952. Which of the two assumptions is correct?

Captain CATER. We are doing our work somewhat better, sir. We are combining some periodicals. We are not particularly drawing from any past inventory. We have reduced our inventory to the barest minimum.

Mr. WIGGLESWORTH. You stated, Admiral, I think, that the increase in this personnel is due to the increased work contemplated by the increased number of ships in 1953 as compared with 1952.

PERSONNEL WORKLOAD

Do you feel that every time you put a new ship into the active fleet you have to put in a departmental set-up here in Washington with a specific number of additional personnel?

Admiral WALLIN. No; I do not. I do know when we put in a considerable number we have to add to our force to keep up with the work requirements. There is considerable flexibility in our force.

Mr. WIGGLESWORTH. I notice that the number of ships is going to increase about 8 percent, and I notice that your number of personnel is going to increase about 8 or 9 percent. It would seem to me that you ought to be able to absorb some of that.

Admiral WALLIN. We are, sir, by other work. The other category of work requirement, I would say, is just as great as or greater than the increased number of ships; that is, taking care of all the equipment which must be ordered with long lead time over the past 2 years which is beginning to be delivered now and will be delivered through 1953. We must have manpower available to handle efficiently and effectively that equipment.

Mr. WIGGLESWORTH. That equipment is in direct relation, is it not, to the ships that you are putting into commission?

Admiral WALLIN. It has a relationship; yes.

Mr. WIGGLESWORTH. It is in direct relation, is it not; you have to have so much equipment for every new ship?

Admiral WALLIN. I would say it is quite excessive beyond the number of ships, because we are doing that to all ships. The electronics addition to vessels of the fleet is tremendous and involves practically every ship in the fleet.

Mr. WIGGLESWORTH. I notice, if my arithmetic is correct, that your average salary is $4,870 for each one of these almost 3,000 people that you feel that you need here in Washington for this work.

I notice also your other departmental expenses increase about 12 percent over-all; that your travel for civilians increases about 20 percent; that your travel for military increases about 50 percent, and that your item for supplies and materials increased about 33 percent.

It seems as if you have pretty liberal increases in here all along the line.

Admiral WALLIN. They do not bear a direct relationship to each other, Mr. Wigglesworth. I feel those are the necessities of the requirements which differ considerably.

PRINTING AND REPRODUCTION FOR THE ENTIRE NAVY

Mr. WIGGLESWORTH. Do you know how much Navy is spending for printing and reproduction, Admiral Clexton, over-all?

Admiral CLEXTON. Not right now, but I can get that.

Mr. WIGGLESWORTH. Will you put that figure in the record for us?

Admiral CLEXTON. Yes.

(The following was supplied:)

Appropriation title	Fiscal year 1951	Fiscal year 1952	Fiscal year 1953
Total, direct obligations	$19,497,383	$22,010,179	$23,771,501
Navy personnel, general expenses	3,031,888	2,787,837	3,052,286
Marine Corps troops and facilities	978,225	758,356	810,986
Aircraft and facilities, Navy	2,056,362	2,283,000	2,812,000
Ships and facilities, Navy	1,603,201	2,313,000	2,514,000
Ordnance and facilities, Navy	368,870	815,000	1,151,500
Medical care, Navy	322,283	413,000	525,000
Civil engineering, Navy	230,454	343,884	331,365
Research, Navy	127,873	139,000	159,000
Service-wide supply and finance, Navy	7,658,834	7,805,500	7,773,800
Service-wide operations, Navy	3,118,076	4,351,102	4,641,064
Operation and conservation of naval petroleum reserve	591	500	50 0
Island governments, Navy	726		
Total reimbursable obligations	91,558	260,483	69,000
Navy personnel, general expenses	2,000	191,483	4,000
Ships and facilities, Navy	36,000	45,000	50,000
Medical care, Navy	27,267	24,000	15,000
Service-wide operations, Navy	26,291		

SELECTED WORKLOAD FACTORS INDICATING NEED FOR ADDITIONAL ADMINISTRATIVE COSTS

Mr. WIGGLESWORTH. I do not know what Admiral Clexton is going to have for us on civilian personnel, but here is one bureau with 2,950 people in the civilian status and 575 in military status, or a total of 3,525 people, and it shows an increase over-all of something like 500 in this departmental set-up alone. I think that we ought to have something before we get through here that will show, on a comparative basis, a green sheet form or some other form, what the personnel is doing and what the personnel is going to do.

Mr. SHEPPARD. It was my understanding some 3 or 4 days ago that you were going to prepare, or have prepared, a breakdown of the civilian categories to which my colleague is addressing his inquiries.

I would like to add to his request in order to clearly show the requirements of the increased personnel, both military- and civilian-wise, that you set up a column of the added workload that has been indicated in your justifications on one side and then your required personnel on the other side as compared with 1952, and your estimated requirements for 1953.

So far as I am concerned, unless my colleague wants to enlarge upon that, it would show to me what your workload was in the past and your anticipated percentage of increase in the future, and then I can balance that against your application of manpower in both categories. Do the same thing for the estimate for 1953.

(The material referred to is as follows:)

Bureau of Ships departmental manpower requirements and workload

	Fiscal year 1951	Fiscal year 1952	Fiscal year 1953
Man-years (all appropriations)	3,246	4,368	4,825
Unliquidated obligational authority (all appropriations)	$2,854,626,401	$4,919,735,700	$5,336,799,625
Number of scheduled overhauls:			
Active fleet	362	593	626
Reserve fleet	191	270	262
Preinactivation overhauls			57
Total, overhauls	553	863	945
Vessels in active fleet, beginning of fiscal year	618	1,044	1,192
Tonnage, active fleet	3,666,079	4,012,832	4,270,918
Number of vessels under construction and conversion [1]	309	547	750
Pieces of departmental mail handled	2,498,284	3,039,000	3,500,000

[1] Includes vessels under mutual security assistance program.

Mr. SHEPPARD. I call your attention to page 164 of the bill, and I note here in 1952 it is reflected that you had $1,557,452,000 and your request for 1953 is $1,287,000,000. That shows a decrease of $250,452,000.

TRANSFERS IN THE ESTIMATES

I call your attention to the items that are reflected at the bottom of the composition on page 164 of the bill, and I quote:

Includes $6,623,000 for activities previously carried under appropriations as follows:
"Service-wide supply and finance, Navy," $331,000
"Service-wide operations, Navy," $5,692,000
"Ordnance and facilities, Navy," $600,000.

I would like that explained.

Mr. ALFORD. In the first group of items on that page, starting with the amount of $331,000, each item represents the cost of certain work which, prior to the fiscal year 1953, was financed by other bureaus of the Navy and which in 1953 is being budgeted for under the appropriation "Ships and facilities."

Mr. SHEPPARD. Are you referring now to (reading)—

Excludes $1,612,000 for activities transferred in the estimates to appropriations as follows:
"Aircraft and facilities, Navy," $312,000
"Research, Navy," $915,000.
"Civil engineering, Navy," $384,000
"Navy Personnel, general expenses," $1,000.

Does the explanation you made for the first group apply to the second?

Mr. ALFORD. No, sir. The second group of items, consisting of $312,000 for "Aircraft and facilities, Navy"; $915,000 for "Research, Navy"; $384,000 for "Civil engineering, Navy," and $1,000 for "Navy personnel, general expenses", represent costs of work which the Bureau of Ships under this appropriation paid for in prior years and which in 1953 are budgeted for under appropriations of other bureaus.

As example is the travel for the training of military personnel at major command headquarters. That is a function that the Bureau of Ships has taken on in 1952 under this appropriation, which was formerly financed from service-wide operations.

Mr. SHEPPARD. I will address my next question to Admiral Clexton.

What was the thing that caused the transfer of functions that have been presently referred to?

Admiral CLEXTON. The purpose of it was to arrange the organization within the Navy for better efficiency. These actual money transfers are to make the figures comparative so that you can compare fiscal year 1953 with 1952 and with 1951; otherwise, you would not be able to do that.

Mr. SHEPPARD. While it may have a clarifying effect insofar as interpretation is concerned, what economies have been effected?

Admiral CLEXTON. Like amounts were removed from the other appropriations; so, you have a comparable transfer.

Mr. SHEPPARD. What we are doing is transposing money from one charge account to another?

Admiral CLEXTON. That is correct, sir.

Mr. SHEPPARD. And, for the purpose of identification and clarification, that is quite in keeping. However, you have not indicated as yet that it is going to create economy as such.

Admiral CLEXTON. I believe the basic moves that have been made were designed to do just that. The Navy felt its activities were not supported in a way so that they could be analyzed to assure comparison and better economy. Through this system we believe that they now can insure economy of operation.

Mr. SHEPPARD. With that as a premise, and an important one, when could the committee expect that the economies will be reflected?

Admiral CLEXTON. I think that they are being reflected all along, 1952, 1953, and 1954.

Mr. SHEPPARD. You think it would be to the degree that they could be recognized as such, dollarwise?

Admiral CLEXTON. Yes, sir. I believe when we came up here, the first day, we called your attention to the fact that the Navy in 1953 would be operating its shore establishments' maintenance at a lower rate than it had ever done before. That is shown in our category breakdown where our "Maintenance and operations," although more extensive in 1953, are requiring less money.

APPROPRIATIONS

Mr. SHEPPARD. Now, I would like the total amount of the appropriations that you have in the Bureau of Ships for the year 1951.

Admiral CLEXTON. $2,248,000,000.

Mr. SHEPPARD. What was your cost for all administrative purposes when you handled $2,248,000,000?

Admiral CLEXTON. $14,981,000.

COST OF ADMINISTRATION

Mr. SHEPPARD. And what would be the percentage of administrative costs for handling the $2,248,000,000?

Admiral CLEXTON. Seven-tenths of 1 percent.

Mr. SHEPPARD. I would like the same information for 1952 and contemplated for 1953.

Captain SEABRING. In 1952 we had $3,225,000,000.

Admiral CLEXTON. And for departmental, $22,383,000.

Mr. SHEPPARD. What is the percentage for administrative cost for handling $3,225,000,000?

Mr. ALFORD. About seven-tenths of 1 percent.

Mr. SHEPPARD. I now ask the same question relative to your estimate for 1953.

Captain SEABRING. $2,384,000,000 for the appropriation.

Admiral CLEXTON. Departmental, $25,110,600.

Mr. ALFORD. The percent is 1.1.

Mr. WIGGLESWORTH. I understand these figures that have been given, so far as total dollars are concerned, include all obligational authority, whether utilized or not.

Admiral WALLIN. That is correct, sir.

Mr. WIGGLESWORTH. And I also understand that the expenditure that has been given is departmental only and does not include the field?

Admiral WALLIN. That is correct.

Mr. WIGGLESWORTH. And that it includes personnel expenditure only, and not other expenditures in the Department?

Admiral CLEXTON. This is only personnel expenses in the Department.

Mr. WIGGLESWORTH. Personnel only?

Admiral CLEXTON. Yes, sir.

BREAKDOWN OF DEPARTMENTAL PERSONNEL, BUREAU OF SHIPS

Mr. WIGGLESWORTH. I understand that we are going to get green sheets for each one of these four appropriations for departmental personnel, and that we have to rely on the over-all table that you have given us for all four appropriations as far as personnel in the field is concerned?

Admiral CLEXTON. That is correct.

Department of the Navy, fiscal year 1953 budget estimate, breakdown of departmental personnel by major organizational division, Bureau of Ships

SHIPS AND FACILITIES, NAVY

Organizational division	1951 actual, civilian personnel			1952 estimate, civilian personnel			1953 estimate, civilian personnel		
	Positions	Man-years	Amount	Positions	Man-years	Amount	Positions	Man-years	Amount
Office of Chief and administrative divisions	418	305	$1,092,452	434	412	$1,648,000	469	442	$1,688,000
Fiscal division	107	98	399,894	117	109	493,700	135	125	553,000
Research and development divisions	223	120	559,302	297	268	1,429,000	343	318	1,662,000
Ships divisions	1,003	827	3,448,278	945	926	4,549,000	964	921	4,381,000
Field activities divisions	200	169	832,753	226	210	1,162,300	266	246	1,341,000
Electronics divisions	578	389	1,789,746	627	585	3,060,000	677	639	3,848,000
Contract division	178	140	609,074	184	175	871,000	221	204	987,000
Total personal services[1]	2,707	2,048	8,731,499	2,830	2,685	13,213,000	3,075	2,895	14,460,000

[1] The following reimbursable services are excluded from fiscal year 1951: positions, 24; man-years, 18; amount, $63,894.

CONSTRUCTION OF SHIPS, NAVY

Office of Chief and administrative divisions	220	156	$577,128	140	117	$484,000	109	103	$440,000
Fiscal division	28	19	85,398	45	36	179,000	35	32	160,000
Research and development divisions	79	70	358,441	25	22	128,000	10	9	53,000
Ships divisions	761	505	2,923,930	501	450	2,608,000	400	389	2,268,000
Field activities divisions	97	70	359,667	64	59	318,000	46	36	195,600
Electronics divisions	220	168	896,351	95	89	496,000	71	66	363,000
Contract Division	65	36	162,520	60	54	265,000	55	45	222,000
Total personal services	1,470	1,024	5,363,435	930	827	4,478,000	726	680	3,701,600

SHIPBUILDING AND CONVERSION, NAVY

Office of Chief and administrative divisions				139	111	$410,000	196	183	$687,000
Fiscal division				28	16	70,000	38	36	163,000
Research and development divisions				9	8	38,000	13	12	61,000
Ships divisions				548	454	2,759,000	760	725	4,479,000
Field activities divisions				30	28	167,000	65	53	323,000
Electronics divisions				125	111	607,000	170	157	874,000
Contract division				45	37	144,000	70	64	253,000
Total personal services				924	765	4,195,000	1,312	1,230	6,840,000

INCREASE AND REPLACEMENT OF NAVAL VESSELS, CONSTRUCTION AND MACHINERY

Office of Chief and administrative divisions	24	20	$79,258	7	6	$24,000	3	3	$12,000
Fiscal division	13	8	32,901	4	4	16,000	1	1	4,500
Research and development divisions	6	6	37,427	6	2	12,000			
Ships divisions	73	70	404,105	58	53	308,000	10	10	60,000
Field activities divisions	10	9	61,638	8	4	26,000			
Electronics divisions	28	23	121,996	18	16	86,000	6	6	32,500
Contract division	21	20	85,108	12	6	25,000			
Total personal services	175	156	822,433	113	91	497,000	20	20	109,000

TRAVEL OBLIGATIONS

Mr. WIGGLESWORTH. Looking at your breakdown on page 10–126, revised, where it appears that you had $478,000 for civilian travel this year, I would like to have the actual obligations and expenditures as of December 31 for that item.

Admiral WALLIN. We do not have it with us. We will have to insert it in the record.

Mr. WIGGLESWORTH. Will you insert both those figures with respect to the item for civilian travel, $478,000, with respect to the item for military travel, $160,000, and with respect to the item supplies, material, and equipment and services, $1,359,000?

Admiral WALLIN. Yes.

(The material referred to is as follows:)

Amounts obligated and expended on Dec. 31, 1952, for certain items of departmental expense

	Fiscal year 1952 budget estimate	Obligations, Dec. 31, 1952	Expenditures, Dec. 31, 1952
Supplies, material, equipment, and services	$1,359,000	$603,983	$286,855
Civilian travel	478,000	282,857	205,006
Military travel	160,000	111,689	81,791

Mr. SHEPPARD. Admiral Wallin, that completes our justifications and we have no further inquiries to make at this moment. Do you have any comments that you would like to make relative to the subject before you leave?

Admiral WALLIN. I would like to make a short statement, Mr. Chairman.

I would like to call the committee's attention to the fact that this budget primarily supports the fleet which is now in being.

There are items in the budget that do not pertain to the fleet directly, but by and large the budget supports primarily the fleet we now have in being, and the thing that I want to emphasize is the fact that in these days when we are spending billions of dollars for the rearmament program it is important that what we have in being should be maintained in a reasonable state of combat readiness.

MAINTENANCE AND OPERATION OF ACTIVE FLEET

I therefore draw particular attention to activity 1 in the appropriation which has to do with the readiness for combat of the active fleet. It is most important that the active fleet be adequately supported.

Mr. SHEPPARD. I would like to say, thank you, to you and your associates who have been here and made your presentation. It has been a bit tedious at times, I know, and we have inquired into many, many ramifications during the presentation. Some of your responses have had to come from other sources, and that is to be expected because of the formula upon which your budget has been premised.

Admiral WALLIN. Thank you, Mr. Chairman.

I want to say how much we appreciate the consideration and the courtesies of the chairman and the committee. We have learned a lot up here; a lot of things that we did not know before which we had to go out and get. I think that we have been subjected to a rather exhaustive interview, but I think that it has been very helpful.

MONDAY, MARCH 24, 1952.

NAVAL INSPECTORS

Mr. SHEPPARD. The committee will come to order.

Mr. Wigglesworth, you were interrogating the witness at the time that we recessed last week, and you may proceed.

Mr. WIGGLESWORTH. There were several questions that I remember were left hanging.

In the first place, there were a number of inspectors that you were going to put on that accounted for the increase in one subdivision here of item 6, as I recall it. Nobody knew how many inspectors you have now, and no one knew how many you were going to have next year, but you gave us an increase of several millions of dollars, apparently taken from someone else's computation.

You were going to give us the number of inspectors for both years.

Admiral CLEXTON. That information has been put into the record and was under the Office of Naval Matériel.

Mr. WIGGLESWORTH. Do I understand that the number of inspectors for both years has been put into the record?

Admiral CLEXTON. It has been placed in the record for all bureaus, all consolidated in one statement.

Mr. WIGGLESWORTH. For both years?

Admiral CLEXTON. For both years, 1952, 1953.

FLEET COMMAND HEADQUARTERS

Mr. WIGGLESWORTH. Under "Fleet command headquarters," where there is an increase from $3,016,000 in 1951 to $4,998,000 in 1952 to $9,753,000 in 1953, you were going to give us further details, some of which I understand are classified and must therefore be off the record.

Are you in a position to give us further details on that?

Captain BURZYNSKI. To explain the increase of $5,000,000; yes.

Admiral CLEXTON. You will recall when this activity came up recently there were four large items which accounted for about $3,800,000, of the $4.5 million increase and the rest is a lot of smaller items.

How do you wish to handle that? Do you want us to go right through the whole list? We are prepared to do it in any way.

Mr. WIGGLESWORTH. Start with the larger items.

Captain BURZYNSKI. I will begin with the commander of Iceland defense force.

The command headquarters has operational control of all forces on Iceland. The headquarters comprises the force of 88 military personnel. The total complement is (off the record).

The increase of $514,000 is due primarily to $450,000 estimated for annual rental of headquarters building in Reykjavik.

At the present time, the command headquarters is located in a part of an airplane hangar built during World War II.

This base is inadequate and will have to be vacated in 1953 to permit its being used by operational aircraft.

The estimated rental cost takes into account the fact that the cost of such an item in Iceland is 2½ times the cost of a similar item in the United States.

Mr. WIGGLESWORTH. How big is that building going to be?

Captain BURZYNSKI. I do not know, Mr. Wigglesworth.

Mr. WIGGLESWORTH. What is the square footage?

Captain BURZYNSKI. I do not know. This figure was obtained by the headquarters commander in Iceland transmitted to us in his annual budget presentation.

Mr. WIGGLESWORTH. So you really have no judgment on the matter at all. You are passing on something that has come to you from the field, in this connection, and you are accepting the statement in that connection that you have to pay 250 percent more in Iceland than you would have to pay for the same thing in this country.

Captain BURZYNSKI. That is correct.

Admiral CLEXTON. He has an estimated rental.

Mr. WIGGLESWORTH. You do not know how big the building is, what we are paying per square foot, or anything else. It is for 88 people?

Captain BURZYNSKI. Right now the headquarters command has estimated for 1953 a total of 88 people.

Admiral CLEXTON. This item may be eliminated in 1953 if the public works program for building this base in Iceland proceeds. In other words, this is a stop-gap arrangement and will not appear again. The 1953 public works program has an item in it for this headquarters, and this is a temporary abode.

Mr. WIGGLESWORTH. The building is purely for naval use?

Admiral CLEXTON. Joint; Army, Navy, and Air. It is a joint operation. We pay the whole cost.

Mr. WIGGLESWORTH. Why?

Captain BURZYNSKI. Because the Secretary of Defense has so ordered.

Admiral CLEXTON. That is the usual procedure in overseas headquarters.

Mr. WIGGLESWORTH. How much of this personnel is naval? I am speaking of the headquarters personnel.

Captain BURZYNSKI. Of the 88 approximately one-third.

Mr. WIGGLESWORTH. It seems a terrific rental to pay to care for the number of people you have mentioned. What else is in here?

HEADQUARTERS SUPPORT ACTIVITY, NAPLES

Captain BURZYNSKI. Headquarters support activity, Naples.

The estimate in 1952 was $1,002,500 and the estimate for 1953 is $1,500,000.

Mr. WIGGLESWORTH. That is a 50 percent increase.

Captain BURZYNSKI. Yes. One reason for the apparent increase is that this activity in 1952 did not begin to operate until November. Therefore, you have roughly, only a two-thirds of a year of operation represented in the 1952 figure.

The headquarters activity, Naples, was established as of November 1, 1952, to provide and maintain facilities and provide services for the logistic support of the United States elements of the North Atlantic Treaty Organization for Cincnelm and other United States dependent activities as may be assigned.

It has been necessary to rent existing buildings from Italian business to provide space for office headquarters and for related facilities to service United States elements of NATO. These facilities include a

supplies storehouse, commissary store, school, dispensary, garage, and quarters.

In addition to providing quarters for headquarters support activity, Naples personnel, this activity is required to provide quarters for approximately 1,800 United States personnel in the Naples area. Of this 1,800, 800 are housed aboard United States naval vessels and the remainder are housed in rented quarters.

Under the terms of the usual lease in this area, the United States Government pays the utilities and the maintenance of the buildings in addition to the rent.

The planned complement of the headquarters at Naples is 1,016 officers and enlisted men, including the Marine security detachment. It is expected that 15 American civilians and 234 aliens will be employed in Naples by the end of the fourth quarter of 1952.

DETAIL OF FUND REQUIREMENTS

A tabulation that I have made here indicates why the funds will be required in fiscal year 1953:

Fifteen IV–B personnel, at $4,617 apiece, or a total of $69,255.
Two hundred and thirty-five alien labor for a total of $317,615.
Civilian travel, $2,500.
Military travel, $141,700.
Transportation of things, $3,000.
Communication, $6,000.
Rent, $680,250.
That is based on $2 a day per individual for about 1,000 personnel.
Utilities, $32,750.
The dependent school, $62,445.
Stevedoring, $25,755.
Packing and crating, handling, household effects and Navy stores and materials, $56,000.
Supplies such as petroleum products, $15,430.
Office supplies and other materials, $41,000.
Equipment, $45,300.

Security assessment, $1,000. That is the FICA that we referred to. The new employees are now hired and they do not pay into the civil-service retirement, but the national retirement.

Mr. SHEPPARD. Is it logical to assume from this presentation you have given us that you are planning a permanent stay in that area?

Captain BURZYNSKI. I would prefer that a CNO representative answer that.

Admiral YOEMANS. I think the answer is "Yes." Actually, whether this arrangement will continue is problematical. On the international picture they are attempting to fix a location so that these activities will be in one area, but it has been very difficult so far and there is no immediate solution that we know other than this renting sort of piecemeal throughout Naples, all on a lease basis. We are in a position of leasing for a year.

Mr. SHEPPARD. Your lease runs from year to year?

Admiral YOEMANS. Yes.

Mr. WIGGLESWORTH. What else do you have in here?

Captain BURZYNSKI. The item labeled "classified." The first part of this is top secret.

(Discussion off the record.)

$2,473,000 is requested as follows:

(Discussion off the record.)

HEADQUARTERS AND SUPPORT, FLORENCE, ITALY

For providing headquarters and logistic support to the United States elements of the Commander, Allied Air Forces Southern Europe, who are now located in Florence, Italy. This headquarters command is estimated for 1953 to have 900 military personnel.

A sum of $1,582,000 is estimated for this requirement, as follows:

Personal services, indigenous labor, 100 at $1,500 apiece, total $150,000.
Military travel, $70,000.
Communications, $2,000.
Living quarters at $2 per day per person, total $630,000.
Utilities and rental, including office headquarters, $250,000.
Printing and reproduction, $20,000.
Supplies and materials, $200,000.
Equipment, $190,000.
Total, $1,512,000.

HEADQUARTERS AND SUPPORT, VERONA

The third part of this is providing headquarters and logistic support to the Commander of Allied Land Forces, southern Europe, located in Verona. The total of this requirement is $126,900, and it is itemized as follows:

Ten indigenous employees at $1,500 apiece, or a total of $15,000.
Military travel, $6,000.
Utilities and rental of quarters and office space, $70,000.
Supplies and material, $20,000.
Equipment, $15,900.
Total, $126,900.

Mr. WIGGLESWORTH. What does that mean you are going to do? The first item that you gave us is brand new. The other two aggregate about $1,600,000, representing changes in location?

Admiral YOEMANS. Off the record.

Mr. WIGGLESWORTH. What about the other two projects?

Admiral YOEMANS. I prefer to keep this off the record.

(Discussion off the record.)

Mr. WIGGLESWORTH. This is a NATO expenditure and falls within the United States obligation, and these three places are going to be needed in 1953? You spoke as if there was an "if" in there.

Admiral YOEMANS. There is an "if" in case of the land forces headquarters.

Mr. WIGGLESWORTH. There is no "if" with regard to the other two?

Admiral YOEMANS. Not in my opinion, sir.

Mr. WIGGLESWORTH. When will the "if" with respect to the land forces be determined? In the light of developments in the course of the fiscal year?

Admiral YOEMANS. I believe that the controlling aspect there is actually beyond us. That is a NATO problem as to what the NATO army will consist of. That has not been formalized.

Mr. WIGGLESWORTH. What you have given us accounts for about $4,500,000 out of the $5,000,000. Is there any other big project in here?

Captain BURZYNSKI. That covers the bulk of the increase.

TRAVEL

Mr. WIGGLESWORTH. You were going to get us some information on the command headquarters military travel. It has gone up from $1,800,000 to $2,500,000. I want to know how many people are going to travel, and what is the basis of that computation.

Captain BURZYNSKI. This requirement covers the cost of transportation and per diem expenses for the fleet personnel attending fleet schools and traveling on business of the fleet command.

The average cost of such a trip has been $46.28. The number of trips financed in 1952, based upon this cost, is estimated at 40,833.

In 1953 the number of estimated trips to be financed at this same estimated cost will be 55,640. The increase in the number of trips is due to the fact that the fleet will replace an increasing number of rated personnel, which replacements have to be trained.

I have a chart here which indicates the increased tempo of separation of personnel. For example, in July, 1951, there were 571.

Mr. WIGGLESWORTH. 571 what?

Captain BURZYNSKI. Separations, showing you the replacement of personnal required.

In June, 1952, this will have increased to 5,092, and that is how the figure of 40,833 was arrived at.

This estimate of $2,575,000 for travel covers all the travel of the enlisted personnel in the Navy from the ship to their schools and back again.

ADVANCED BASES

Mr. WIGGLESWORTH. My notes indicate two other inquiries. One was under advanced bases, item 6–D. That request is $9,202,000. Primarily it is for stockpile, and you were going to get us, either on or off the record, the amount on hand now, and the basis upon which you arrived at the figure of $9,202,000.

Admiral CLEXTON. I believe that we answered that on the record, and pointed out that we had about $100,000,000 worth of equipment on hand and in the 1953 budget all bureaus combined were asking for about another $100,000,000.

The Bureau of Ships share of that, for the equipment which they have technical cognizance of, was $9,000,000, and also we pointed out that the total stockpile would be equivalent to the first 3 months of outloading in the event of war.

Mr. WIGGLESWORTH. On the assumption that the request for 1953 is approved?

Admiral CLEXTON. That is correct, sir.

The bulk of that equipment will show up in yards and docks funds, and we are putting a table in the record.

TRAINING FACILITIES

Mr. WIGGLESWORTH. The other item was under training facilities. You were going to give us some figures on the numbers to be trained in the fiscal year 1952 and 1953.

Captain BURZYNSKI. I can give you the figures for 1952. In 1952 there were about 723,000 different man courses completed.

Mr. WIGGLESWORTH. Courses?

Captain BURZYNSKI. Man courses of study, completed in 1952.

Mr. WIGGLESWORTH. Courses as distinct from individuals?

Captain BURZYNSKI. Yes, because some of the individuals may have taken two courses, two different courses.

Mr. WIGGLESWORTH. One course would not represent more than one individual?

Captain BURZYNSKI. No, sir.

Mr. WIGGLESWORTH. What is the figure for 1953?

Captain BURZYNSKI. I can get it from the Bureau of Personnel. I do not have it. The Bureau of Ships simply supplies the equipment that the Bureau of Personnel needs in its schools. We are not the management bureau of the schools.

Mr. WIGGLESWORTH. When it comes to equipment it would be helpful to know what relation it bears to the number of courses, or the number of people that are going to use the equipment.

Captain BURZYNSKI. I can say this, there will be more than 723,000 different man-courses.

Mr. WIGGLESWORTH. I assume that because your request goes up. It goes up 400 percent.

Captain BURZYNSKI. But the over-all increase for this project is an increase of only $165,000.

Mr. WIGGLESWORTH. I understand that. Please furnish the figure requested when you revise your remarks for the record, so that we will have the picture.

Captain BURZYNSKI. Yes, I will add that.

(The information referred to is as follows:)

The average number of men to be trained at one time on Bureau of Ships technical apparatus and equipment during fiscal year 1952 is 27,000. The average number during fiscal year 1953 will be 36,000.

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